



# ***JPRS Report***

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# **East Europe**

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# East Europe

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26 September 1991

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### Educational Changes in Central European Countries

91EP0691A Paris LE MONDE in French 5 Sep 91 p 13

[Article by Burton Bollag: "Eastern Universities Change Their Model"]

[Text] After putting an end to political control of universities and restoring their independence, leaders of higher education in the Central European countries are now involved in the extremely delicate task of completely renovating university systems that have been paralyzed by four decades of communist bureaucracy.

Radical changes have already taken place, such as the replacement of rectors, deans, and directors of conservative departments by new, freely elected officials, or the dismissal of incompetent professors who owed their jobs to party loyalty alone. By the same token, departments, such as the theology department, that were shut down by the communist authorities have reopened their doors. Finally, a certain number of the larger institutions have begun to introduce a system of credits that enables students for the first time to have a choice of courses which, although limited, is still broader than before. And many universities are in the process of instituting Western-style degree programs with the three stages of bachelor's, master's, and doctorate degrees.

But the critical changes will take years. This will be the case, for instance, with increasing the numbers of students or raising the quality of education to a level comparable with that in Western countries. These changes are more advanced in Poland and Hungary, where reforms were already initiated in the 1980's. Czechoslovakia rapidly followed suit. In these three countries in fact, the governments have adopted laws granting universities virtually full autonomy, in management and in education.

#### Restoring General Culture

"We are completely free in our movements," noted with satisfaction Andrzej Wroblewski, rector of Warsaw University. "The only pressure that the government could exert is financial, and it is careful not to do that." This is a veritable revolution in comparison with the old regime, in which communist authorities controlled curricula, research, and employment of professors.

"The first stage of the change is over," believes Vlastimil Parizek, director of the educational sciences department at Prague's Charles University. "The market economy should play an important role from now on" in the selection of new courses.

In this regard, the most dynamic institutions pursue a dual objective: to introduce subjects that were not tolerated during the communist period; and, to introduce courses in areas essential for the development of a market economy, and specifically in the fields of economics, sociology, data processing, management, and political science. But, as Jerzy Gasiorowski, in charge of higher education in the Polish Education Ministry, explained, the main goal of

university heads is to "recreate the traditional university, broadly based on the general culture."

This first requires structural reforms. Since the 1950's, many of the major Central European universities, based on the Soviet model, were dismantled and divided up into small, more specialized institutions, that today are sarcastically termed "diploma factories." The ministries of education have therefore begun by grouping together these establishments. They have had to abolish superfluous administrations and create an interdisciplinary climate considered to be more conducive to developing research.

#### Doubling the Number of Students

One of the first reorganizations of this sort is scheduled for Debrecen, where the four existing universities and several research institutes are to be joined together to form the major university that existed before, prior to the 1950's, in this town in eastern Hungary. Even in Czechoslovakia, where the communists did not dismember the old universities, officials would very much like "to put an end to the excessive specialization of institutions and restore a more general theoretical education to educate students in systematic analysis," according to Libor Paty, the first deputy minister in charge of higher education for the Czech Republic.

In the same spirit, officials intend to strengthen universities by putting an end to the strict separation between education and research. Following the Soviet model, scientific academies in the Eastern bloc countries were largely favored and received the bulk of the money for research. These academies are losing a great deal of their power and their funding. Some of their research institutes are attached to universities. In Poland, the new Scientific Research Committee, comparable to the National Science Foundation in the United States, is in charge of distributing these government appropriations, on the basis of scientific criteria instead of the former political ones.

Another critical need is to open wider the doors of the universities. In comparison with the total population, the number of university students in the Central and Eastern European countries is half of what it is in Western Europe. Jaroslav Kalous from the Czech Education Ministry believes that during the last years of the communist regime, Czechoslovakia devoted only 5 percent of its gross domestic product to education as a whole. Quoting UNESCO figures, he pointed out that between 1965 and 1985, his country shifted from 22nd to 72nd place internationally in the percentage of GNP spent on education. "The communist authorities always stressed their efforts in the area of education. People now know that this was a lie," he concluded.

In the three central European countries, officials are unanimous: The number of students of higher education must be doubled. They realize, however, that this is a long-term prospect. In Poland and Hungary, it is estimated that this year there will be 10 to 15 percent more new students attending universities than last year. In Czechoslovakia, an increase of this magnitude already occurred last year, but

many universities were not ready for an increase of this size, and so for the 1991-92 school year, the number of these students registering is expected to go back down to the level of previous years.

But it is in Hungary that politics is the most voluntarist: in the next three to four years, the authorities expect to increase the number of students of higher education by 60 percent. The higher education bill scheduled for adoption in December 1991 should help to realize this goal by eliminating the last administrative and financial obstacles to establishing private universities. Moreover, the Education Ministry has recovered a certain number of military buildings liberated by the departure of Soviet troops, and the buildings that used to belong to the Communist Party. All these buildings will be used for both housing and education.

#### **Inertia, Conservatism, and Lack of Funds**

It is generally believed that two major problems are interfering with the desire for reform. First, the conservatism and inertia of some members of the administration of the university system, and secondly, a shortage of government funds, that are not increasing as fast as inflation.

Among these three countries, it is in Poland that the universities are the poorest. Salaries of teaching staff have probably been indexed on inflation, but appropriations for maintaining the universities went down again this year. This is why the rector of Warsaw University, Mr Wroblewski, is looking to foundations, businesses, or other government programs for new sources of financing. However, he is afraid that students will be upset when they come back to school after the vacation period: "We are struggling to find funds. But I do now know how students are going to react when they notice that the premises have still not been kept up."

In Prague, the University of Technology has turned to other countries to renovate three large, dilapidated buildings. In fact it has just signed contracts with Western firms, that will absorb the cost of the work and recover their investment by renting out the hotel and commercial space in these buildings for several years. For Stanislav Hanzl, the rector of this university, the problem is simple: "The government cannot give us a cent for this renovation work. The only thing to do at this point is to try to solve the problem ourselves."

[Box, p 13]

#### **The World Bank on the Front Line**

The World Bank is beginning to play an active role in reforms of systems of higher education in Eastern Europe.

It has recently approved a \$150 million loan to help Hungary strengthen its education, training, and research policy. A third of this loan is devoted to higher education. And the Bank is currently discussing comparable loans with Czechoslovakia, Romania, and Bulgaria.

But this aid is not in the form of blank checks. For each country, the World Bank has sent out teams of experts to make a detailed evaluation of the university systems. The reports drawn up by these analysts trace the major lines of the reforms that are recommended by the Bank and are required to obtain the loans. The incentive could not be stronger.

#### **Delicate Change**

The transformations called for by the international experts are essentially designed to establish in the East university systems based on the Western model, where every institution is judged on its results and has a high degree of autonomy. This is a delicate or even painful change in many cases. In general, the World Bank is critical of the fact that there are too many, overly specialized institutions, that education and research are not related, and that there are very comfortable rates of encadrement for the teaching staff.

This evaluation has caused some consternation among university officials. But, generally speaking, it has been relatively well received. "The World Bank, like the European TEMPUS [expansion not given] program, is forcing universities to become less conservative and to initiate needed reforms," according to Tamas Lajos, director of the mechanical engineering department at the University of Technology in Budapest and head of international affairs at the conference of Hungarian rectors. And, although the Bank has not yet become involved in a policy to assist university development in Poland, Yugoslavia, or Albania, it is expecting to receive requests very soon from these countries.

Granted on concessionary terms with long repayment periods (15 to 17 years in general), the World Bank's loans are basically meant to finance heavy capital investments: scientific material, documentary funds, access to data banks, financing exchanges with Western countries, etc. For Ralph Harbison, the director of the Human Resources Division for Central and Eastern Europe at the World Bank, one thing is sure: "The investments needed to bring universities in the East up to the level of Western standards are enormous."

**Alia Distinguishes Between Albanians, Kosovars**

*9IP20497A Tirana RILINDJA DEMOKRATIKE  
in Albanian 21 Aug 91 p 6*

[Article by B.T.: "Mr. President, Aren't the Kosovars Albanians!?" ]

[Text] Speaking on Albanian television on the occasion of the removal of Gorbachev, President Ramis Alia concluded, among other things: "Therefore, it is the duty of all our people, both of the Kosovars and of us Albanians, to be more vigilant than ever."

Mr. President, according to Greater Serbian chauvinist historiography and politicians, the Kosovars have never been Albanians but Albanianized Slavs. But what are Kosovars for you, Mr. President, when you make a distinction between them and Albanians? Can we call this simply an editor's error? Perhaps so, but ZERI I POPULLIT, with vigilance as a standardbearer of the national ideal, should not have allowed such mistakes to get by. You, Mr. President, and also ZERI I POPULLIT, have never made a similar mistake of making the distinction between "us Albanians and the Mirditans" or between "us Albanians and the lepers." As the Albanian head of state, your every word weighs heavily on the fate of the nation, Mr. President.

**Secretariat for Religion Set Up in Ministry**

*9IP20497B Tirana BASHKIMI in Albanian 3 Aug 91 p 1*

[Announcement from Blendi Fevsiu, spokesman of the Ministry of Culture, Youth, and Sports: "Assistance in the Restoration of Religion"]

[Text] The State Secretariat for Relations with the Religious Communities, in which the three major faiths of the country are represented, began to operate recently in the Ministry of Culture, Youth, and Sports.

This secretariat is being set up to channel the assistance which the state will be giving to the religious communities in restoring religion and religious institutions and training religious cadres, both in the country and abroad.

**Democratic Party Paper on Need for Army Reform**

*9IP20492B Tirana RILINDJA DEMOKRATIKE  
in Albanian 20 Jul 91 p 3*

[Article by Zhak Pilika of the National History Museum: "For a Profound Restructuring of the Army"]

[Excerpts] [passage omitted] The expenditures for the political-military training of our soldier-people have been luxurious. Only 75 percent of the cost of nine days of exercises for reservists and volunteers exceeded 100 million leks. Firing practice for the infantry and the artillery costs 100 million leks a year. Thus, without calculating the cost of five days of food for all the reservists and the training of the active military forces for the entire year, the two figures mentioned above are equal to the annual budget for the capital city of the country.

This is evidence of the colossal expenditures which we have incurred in the military field and the role of these expenditures in the impoverishment of the people. How can we claim that we want to have a market economy when we are spending so much on the military? Therefore, we believe that the depoliticization of the Army brings up serious theoretical, organizational, and practical problems. First of all, the de-ideologicization process must be linked to a thorough reexamination of the theory of the people's military art and its transformation into a modern military art. [passage omitted]

Under the conditions of the transition to a market economy and the privatization of the economy in the cities and in the villages, in industry and in agriculture, the current links between the Army and the terrain cannot remain because this military organization cannot work and it has a tendency to dissolve and because a profound transformational reform must be carried out in the Army. The transformation of our entire army into a barracks army, based on effective units with active soldiers, is an immediate and essential need. The organization of the military should be based, mainly, on the number of recruits and on their service, for one or two years, in a barracks-based army. This can and must be the main objective in organizing the branches and services of the armed forces of the Republic of Albania.

In general, the megalomania of setting up and maintaining large military units in every district must be reduced in accordance with the number of recruits and concrete possibilities and needs, so that the military will be more realistic and more effective. It is essential that all soldiers be returned to the barracks under the best living conditions, with respectful treatment for soldiers, in general, and for cadres, in particular, using as models European units and divisions, the most advanced Military Art and its regulations, in accordance with the conditions of our country and the traditions and psychology of the Albanian.

In order to achieve this it will be necessary that our cadres study and become trained in European military schools and academies. As far as we know, these issues have not been discussed either in the Ministry of Defense or in the People's Assembly.

The political requirements of the times, the pluralistic democracy, private property, and the market economy cannot permit the stagnation of our defense structures and, in particular, they are in open conflict with the economic expenditures which these structures require. Can Europe and America give us aid while we are spending so much for the state bureaucracy and the bloated management in the economy and, in particular, for the colossal military expenses? [passage omitted]

**Democratic Party Paper Chief Editor Named**

*9IP20492A Tirana RILINDJA DEMOKRATIKE  
in Albanian 20 Jul 91 p 1*

[Statement from the Steering Commission of the Democratic Party: "Changes in the Management of RILINDJA DEMOKRATIKE"]

[Text] Recently, the Steering Commission of the Democratic Party analyzed the work of the newspaper RILINDJA DEMOKRATIKE.

The commission found that, in its pages, the newspaper, as a courageous pioneer of the free democratic press, has upheld and expressed the Democratic Party line. Undoubtedly, its chief editor, Frok Cupi, deserves credit.

However, several defects have been noted in the work of the newspaper:

- 1) There have been few articles about the villages.
- 2) The great work which is being done by the district branches in organizing and invigorating the party has not been properly presented in the paper.
- 3) The newspaper has not published information on the activities and statements of the association of political prisoners.
- 4) There have been deficiencies in the formation of the editorial staff structure.
- 5) Kosovo and the Albanian issue in general have not been covered properly.

In light of the increasing requirements levied by the times and in light of the deficiencies mentioned, the Steering

Commission of the Democratic Party has decided to appoint Napoleon Roshi chief editor of RILINDJA DEMOKRATIKE.

Frok Cupi has been offered another important assignment in the Democratic Party.

**Polio Vaccine, Medicine, Food From Abroad**

*9/P20497C Tirana BASHKIMI in Albanian*

*16 Aug 91 p 2*

[Unattributed article: "Humanitarian Aid: Medicines for the People's Health"]

[Text] The Ministry of Health, in the framework of contacts created with foreign firms and with various humanitarian and charitable institutions and organizations in the world, recently received humanitarian aid from France—15 trucks of food and 900 kg of medicines, and from Italy—100,000 doses of polio vaccine.

To obtain the vaccine needed for all children who run the risk of contracting polio, the Ministry of Health asked the Hoxhej family for assistance in obtaining all the vaccine it needed. On 12 August 1991, in response to this request, the Hoxhej family immediately supplied us with the necessary 400,000 doses of polio vaccine as humanitarian assistance.

The arrival of this massive supply of vaccine guarantees that there will be enough vaccine for all the children who are to be vaccinated in 1991.

## Organizations, Procedures for Election

### Central Electoral Commission

91BA1094A Sofia DUMA in Bulgarian 24 Aug 91 p 1

[Article by Vasil Popov: "The President Rescheduled the Elections for 13 October and Appointed the Central Electoral Commission"]

[Text] The presidential Ukase, which was promulgated yesterday, stipulates that on 13 October 1991 the Bulgarian voters will enter the little dark rooms and drop in the ballot boxes the ballots with their preferred political color.

The 24-member Central Electoral Commission [TsIK] was also appointed by presidential Ukase. Its chairman is Mladen Danailov; deputy chairmen: Ganeta Minkova and Dobri Petrunov; secretary: Rumen Yankov; members: Aleksey Podlesni, Baycho Panev, Georgi Dimitrov, Dimitur Aleksov, Dimitur Dimitrov, Dimitur Sepetliev, Dimitur Topliyskiy, Krasimira Sredkova, Lalka Kyuvlieva, Lena Dzhelepova, Mladen Chervenyakov, Nikolay Vulchanov, Pet'o Petkov, Ralitsa Negentsova, Rumen Nenkov, Svetoslav Luchnikov, Stefan Grozdev, Stefan Stoychev, Todor Tsonev, and Chanko Apostolov.

Mladen Danailov, chairman of the TsIK was born on 10 March 1922 in Aldomirovtsi Village, near Sofia. Both he and his wife are lawyers. Mr Danailov is deputy chairman of the Supreme Court and chairman of the Penal Collegium. His son is a physicist and his daughter is a young lawyer.

### Sofia Electoral Commission

91BA1094B Sofia DUMA in Bulgarian 31 Aug 91 p 2

[Article by Yana Gencheva: "The Sofia Electoral Commissions Will Include Five Union of Democratic Forces Members, Four Bulgarian Socialist Party Members, and Two Bulgarian National Agrarian Union (united) Members"]

[Text] Five seats will go to the SDS [Union of Democratic Forces], four to the BSP [Bulgarian Socialist Party], and two to the BZNS(e) [Bulgarian National Agrarian Union (united)]. It is thus that the political forces divided the seats in the Sofia Electoral Commissions, after rejecting eight other options, in the course of a two-day bargaining session. No agreement was reached on how to distribute the seats among the three SDS groups.

The BSP (G. Bliznashki, G. Stoimenov, and Ya. Stoilov) held out for four representatives in the 11-member commissions. The opposition qualified this as a purely obstructionist decision, while Yanaki Stoilov said that this would guarantee that the BSP will have a vote. By law, the Electoral Commission can pass its resolutions with a two-third majority.

The SDS insisted that it should have one more member than the BSP, having won the previous elections in Sofia.

Whenever the SDS was discussed, St. Derzhanski (BZNS-United) claimed that the quotas must be based on electoral results. He ignored this the moment the Agrarian Union was under discussion, for in the previous elections in Sofia the latter had garnered no more than 4 percent of the vote. This does not amount to even one vote, but Mr Derzhanski did not yield even an iota from the two votes he demanded. He argued that the votes of the N. Petkov BZNS [Nikola Petkov Bulgarian National Agrarian Union] had been added to the now united alliance. For that reason, the BZNS was given two votes in the 11-member electoral commissions in Sofia, as many as it has in the 24-member Central Electoral Commission.

The second touchy topic was how to distribute the five blue votes. The representatives of the SDS(d [movement]), registered as the SDS (G. Panev, St. Gryuchev, and E. Buchkov), in general denied the existence of any other SDS group.

The agreement protocol was not signed by Emil Nenov, from the SDS(l [liberal]). He told the journalists that the rights of the light-blue coalition were being totally violated in the country, and that the coalition had addressed a letter to the Central Electoral Commission demanding that the thus established commissions be rejected. Iliya Rizov, representing the SDS(ts [center]), signed the protocol with a separate opinion. It is that the five seats should be allocated, respectively, as follows: two to the SDS(d), two to the SDS(ts), and one to the SDS(l).

The political forces also agreed on appointing the chairmen of the electoral commissions, whose names will be submitted to the Central Electoral Commission.

### Calculating the Votes

91BA1094C Sofia SVOBODEN NAROD in Bulgarian 22 Aug 91 p 2

[Article by Lyudmil Khadzhiidanov: "What Was the Quarrel in Parliament About?—or—Of Mice and Men"]

[Text] The explanations given by the BSP about its adamant defense of the system it suggested for the allocation of residual votes in the future National Assembly elections were not complete. All that was said was that the large parties are benefiting at the expense of the small ones, and that it is a random system. This is true, although such matters need a more detailed consideration.

An average of eight deputies per district will be elected. Each seat will require 12.5 percent of the district vote. The parties which fall below 12.5 percent will not have a single seat in their respective districts. Those which are between 12.5 and 25 percent will have one seat; between 25 and 37.5 percent, two seats; between 37.5 and 50 percent, three seats; etc. The remaining votes for deputy seats will participate in the central allocation of seats. That is precisely why republic party tickets are being drawn up. The proportional principle would have been observed if in the allocation of the residual mandates the parties which were deprived in the various areas were to benefit. A compensatory mechanism is stipulated in the "Sendov"

system but not in the system supported by the BSP. According to the latter, parties with votes slightly exceeding a certain critical percentage are favored not only at the expense of the small parties, which garner less than 12.5 percent of the vote, but also at the expense of the larger parties which have obtained a small number of votes exceeding the critical percentage figure.

I assume that the BSP has the most accurate data on the electoral behavior of Bulgarian citizens, encompassing several variants of the opposition coalition, which has led it to optimize the suggested system, so that in all cases it would benefit from it. Any more or less serious bridge player could understand the problem. It may be assumed, therefore, that even the somewhat strange number of deputies in the future parliament, added to the number of electoral districts, will not be accidental.

Instead of discussing more hypotheses, let us consider a single example:

There will be 30 electoral districts for 240 deputy seats;

The 100 residual mandates will be allocated centrally;

The overall percentage of votes for the individual parties, excluding those represented in the present National Assembly and the independent candidates, will be insignificant.

The averaging of district results will not change matters. In that case, the distribution of the votes will result in the following breakdown of seats in the parliament:

Percent of Votes	Percent of Seats in the National Assembly
Less than 4.0	0.0
5.0	2.1
10.0	4.2
12.4	5.0
12.5	17.5
15.0	18.8
20.0	20.8
24.9	22.9
25.0	35.4
30.0	37.5
35.0	39.6
37.4	40.8
37.5	53.3
40.0	54.2,etc.

No more than one-quarter of the votes ensures one-third of the deputy seats, while 37.5 percent of the votes provides the absolute majority in parliament! Meanwhile, parties which have garnered 10 to 12 percent of the votes would have an insignificant presence (4 to 5 percent). Such would be the case with a total of 100 residual mandates, i.e., averaging slightly more than three per district.

It is an important fact that, under the strictly proportional system, minor falsifications yield minor results. According to the system suggested by the BSP, a small number of suitably distributed "additional" votes could result in a qualitatively different composition of the parliament.

Under those circumstances, the system may not be described as proportional. In general, it will not reflect the views of the Bulgarian people. Who could benefit from it? This question could be answered by anyone who is aware of the processes within the opposition and the results of sociological surveys, however doubtful they may appear. The computations made here lead to the assumption that the BSP is actually relying on 26 to 30 percent of the vote.

My feeling is that those who want cannot and those who are able do not want to explain what precisely is the reason for the quarrel in the parliament. The Bulgarian people have the right to know everything pertaining to the elections which will resolve a number of problems. They must know, be familiar with them before the elections have started and not after their completion.

The truth is that if the system for the distribution of the votes we described is adopted, there will be all sorts of things but not elections. We shall be electing neither individuals nor parties. We shall simply crowd around the ballot boxes, after which... we shall have plenty of time.

#### D'Hondt Method

91BA1094D Sofia DUMA in Bulgarian 24 Aug 91 p 2

[Article by Mitko Bozhkov: "The Central Electoral Commission and D'Hondt Will Determine the Electoral Results"]

[Text] The results of the elections for national representatives, registered by parties and coalitions, will be determined by the Central Electoral Commission, based on the D'Hondt method. The method to be followed was published in DURZHAVEN VESTNIK, No. 46, of 8 June 1990. After the disputes, which took several days, on the suggested various options, the technology for computing the votes and their conversion into parliamentary mandates, which was tested under Bulgarian conditions last June, was adopted.

For the purpose of these elections, the country's territory was divided into 31 districts, which include three from Sofia and two from the former Plovdiv Okrug. The Central Electoral Commission will establish the number of mandates per electoral district on the basis of a uniform rate of representation for the entire country, based on population size. It is only those who are lucky enough to cross the four-percent barrier who will be allowed to participate in the slicing of the mandate pie.

This restriction does not apply to the independent candidates. Among them it is the candidate who has obtained an actual number of votes equaling the district electoral quota or surpassing it, who will be elected. The quota will be

determined by dividing the overall number of actual votes in the respective multiple-mandate district by the number of mandates.

The distribution of the mandates will be based on the actual votes cast for the parties and coalitions. According to last year's method, the votes cast for each party and coalition will be summed up in all 31 districts. It is thus that each district will have an overall party sum. It is these party sums that will form a common electoral sum of votes cast for all tickets.

It then becomes necessary to compute how many votes will exceed the four-percent level for the overall electoral sum. We must exclude the votes cast for independent candidates and for parties and coalitions which did not exceed the four-percent limit.

Finally, a computation procedure known in the areas of law and mathematics as the D'Hondt method will be applied for the common party sums, i.e., based on the actual number of votes cast for each party and coalition throughout the country. With this system, the votes cast for each party ticket will be divided systematically into a number of natural figures and the size of the individual parts will determine the allocation of the mandates. This computation method is always effective and no undistributed mandates remain.

#### Voter Registration

91BA1094E Sofia SVOBODEN NAROD in Bulgarian  
26 Aug 91 p 2

[Article by Valeriya Stoykova: "The Bulgarian Association for Honest Elections Cautions: There Are 230,000 Duplicated Addresses"]

[Text] The moment the electoral law was promulgated, the Bulgarian Association for Honest Elections [BSChI] made copies of the law that it sent throughout the country, we were told by coordinator Mariana Drenská.

Consultations on unclear texts have been initiated. Technical difficulties are expected from mixing the two different elections: national and local. Problems will exist also in transporting the ballots.

The BSChI intends to make a representative excerpt of the lists in the near future in order to earmark the most typical errors they contain and for such errors to be taken into consideration while there is still time. It has already become clear that problems will result from the poor compilation of address data. Preliminary information indicates that there are 230,000 duplicated addresses in the country.

By no later than 29 August the electoral sections must be set up (according to the law, 45 days before the elections). By 3 September the Central Electoral Commission must determine the number of mandates per electoral district (no later than 40 days before elections).

This year the BSChI has set itself a new basic task: the creation of a civic educational program to explain the

electoral system. According to Miroslav Sevlievski, the association's secretary, the people must become convinced of the need to vote.

#### Inaccuracies in Voter Registration Lists

91BA1082A Sofia DEMOKRATSIYA in Bulgarian  
17 Aug 91 p 2

[Article by Georgi Bashiyanov: "Electoral Lists: Old Errors and New Misunderstandings"]

[Text] Plovdiv, 16 August (by telephone)—In Plovdiv the electoral lists have already been posted. Reports on corrections are expected, so that the final lists may be drawn up. It is precisely at this point that insurmountable difficulties of a technical and organizational nature arise. According to summed up information provided by the SDS [Union of Democratic Forces] technical headquarters, the errors may be classified into several areas.

First: The addresses of many citizens were not recorded and their precise number cannot be determined. For the time being, all we have are approximate data about this category. There is virtually no interaction between house managers and the officials in charge of addresses in the mayoralties and the rayon MVR [Ministry of Internal Affairs] administrations. In the opinion of responsible officials, such ties have been broken and cannot be restored. Municipal data indicate that an average of 30 to 40 burials take place daily while the changes made in the civil registers are being made quite slowly. Such data cannot be processed and everything seems to indicate that they will remain as errors in the electoral lists. Furthermore, the electoral lists have not been posted precisely according to entrances and street numbers, which is another source of misunderstandings and errors.

Second: Most students and almost all soldiers have a double address registration, which is a source of constant errors in the lists. Currently three different conscription groups are in the barracks, and there will be discharges in September. The Ministry of Defense is not supplying the TITs with information about discharged servicemen. The civil identification cards of officers have still not been completed, for which reason their data have not been fed into the unified ESGRAON [Integrated Civil Registration and Administrative Population Services System] information system. When and how such data will be entered in the electoral lists is unknown.

Third: The problem of the emigres appears almost insoluble. The mayoralties and the rayon MVR administrations do not know their number, either in the past or for the last one to two years. These departments cannot determine whether citizens who have emigrated should be kept in the electoral lists at their place of residence, for they no longer live at their old addresses. Some of them may be found in the lists while others may not. Everything here is determined at random. According to the new electoral law the emigres—although new—should vote in Bulgaria. If we consider this as a constant, no one knows how, when, and on whose instructions the emigres will be registered in the

electoral lists. Let us not mention the technical and organizational difficulties which would put us in a bind.

The final deadline for correcting the electoral lists is dangerously unrealistic. The sources of the errors have been indicated: absence, double entry, or other. They cannot be eliminated all that rapidly and within the stipulated deadlines. The great danger exists that said inaccuracies and errors will be repeated in full in the final draft of the lists. If the percentage of people who have not voted is based on these lists, in all cases it will be inaccurate. This means that the real correlations in the final electoral result will be faulty. Who will benefit from such errors and misunderstandings is unknown for the time being. It is clear, however, that the SDS is categorically opposed to such a spoiling of the elections and is warning of the danger in advance.

### RDP Official on Changes in Party Statute, Program

*91BA1112A Sofia VEK 21 in Bulgarian 21 Aug 91 p 5*

[VEK 21 interview with Radical Democratic Party Executive Committee Member Aleksandur Dzherov on party's statutes and the program; place and date not given: "We Are Working Calmly and Efficiently"]

[Text] [VEK 21] Mr. Dzherov, are the changes in the statutes and the program of the RDP [Radical Democratic Party] in any way related to the processes we are noticing in the other parties and movements within the SDS [Union of Democratic Forces]?

[Dzherov] No. On the contrary, the Radical Democratic Party is the only united party without contradictions. There were divisions in all other parties as well as arguments as to who is the true heir, who is the founder, and who is an outsider, and matters have even reached the courts.... We do not need this congress to unite us or to determine who is cleaner: There are no problems. We are working calmly and efficiently, without arguments.

[VEK 21] What made amendments in the RDP statutes and program necessary?

[Dzherov] If we were to remember when this program and the statutes were drafted and the dynamic period in which we live, we would see that the changes are necessary. We drafted the statutes and the program while still inexperienced, two years after a totalitarian administration. We drew them up hastily. The changes and the significance of the Radical Democratic Party were one thing then and are something else now. All of this indicates the need for change. Relations among the congress, the national party council, and the executive council were being refined in the course of our work. When something is alive, and our party is like an organism which is unquestionably alive, it advances and develops. This is mandatory.

[VEK 21] What are the main changes in the statutes?

[Dzherov] The main change is that we have stipulated in the statutes the parties to which the RDP is the heir: This

must be expressed and be known quite clearly. We are the heirs of an active party life. We are not a newly-founded party. We are the followers.

The second essential addition we made was to regulate the establishment of regional structures. There were no such structures in the past, linking the center to the local organizations. For that reason, we specified in Article 24 that regional councils will be created in the former okrugs: These would be the specific authorities to provide the link and to participate with voting rights in the work of the central organs. In other words, they will be neither guests nor observers at the meetings of the executive council but will have voting rights.

[VEK 21] What changes were made in the RDP program?

[Dzherov] We added one sentence to the preamble of the program: "In order for the RDP to achieve its objectives, it must become a balancing liberal-political force allied with parties and blocs with democratic programs." It is impossible for the RDP to join coalitions and groups which include parties which support a totalitarian system, such as socialism and other antidemocratic views.

It became necessary to update the program, for it included many objectives which had already been achieved: in the matter of the constitutional court, for example, this would apply to Article 10, which becomes unnecessary; the work done by the Grand National Assembly this year resolved many of the problems although, naturally, not all of them.

We are improving the content of Article 18 in connection with science and culture, for the program stipulates that such activities are financed by the state. To this we add: by private individuals, organizations, and companies, as well. We support the view that state financing of science and culture is mandatory. At the same time, however, sponsorship and additional private financing of such activities must be made possible.

We also support the view that pensions must be based on a just and dynamic legislation. In other words, the amount of the minimal pension should always be above the survival minimum. We must not forget this category of Bulgarian citizens who, I believe, may be as many as one-third of our population. At the same time, we believe that we must found a financial institution which would be the base for social security. Funds from taxes must be used to set up the pension funds independently of the state, so that they may not be encroached upon.

In the area of military service, we are strengthening the demand for alternative military service and for a professional army. We are doing what is necessary for us to become a modern country: The view concerning the armed forces in our country should be consistent with those of other developed countries.

Finally, a new stipulation is that the RDP wishes to contribute actively to attaining a new liberal order on earth, which would include international liberal communities. This is an expression of our views on having a liberal outlook on the world. This has already begun and it is perhaps precisely for that reason that we must include such a stipulation both in the preamble and the conclusion.

**Obstacles to Implementation of Compensation Law**

*91CH0892B Budapest NEPSZABADSAG in Hungarian  
2 Sep 91 p 8*

[Interview with Budapest Archive Director Laszlo Varga by Istvan Vass, new Central Archive acting director; place and date not given: "Compensation Grievances"]

[Text] The affair of the compensation law is far from over. The reason is that, although in the aftermath of the parliamentary debates, the Constitution Court's inspection, and the necessary corrections it seemed that the time for everyone to get what the law entitled one to get depended only on the various offices—true, on offices working under 19th-century conditions in many instances—reality is quite different. The following seems to indicate that the actual problems connected with the law are caused not by "obstructing" the law but rather by the sketchiness of the law and by real or incited emotions.

**Who Obstructs the Law?**

The protagonist of the debates connected with the implementation of the compensation law is historian Laszlo Varga, the Budapest Archive's new director as of 1 February 1991. We began our talk by asking him to say something about the Archive's debate with the Compensation Office.

[Varga] A staff member of the Compensation Office visited the Budapest Archive on 28 March 1991, inquiring how it could help the Archive cope with the onslaught and requests of people after the compensation law goes into effect. On 2 April, we submitted the written summary of our needs; our plan was to feed the basic data into a computer to speed up the process.

[Vass] When did they reply to that?

[Varga] We received only a verbal promise. Since the case fell under the Compensation Office's authority, we told them several times in no uncertain terms that under the given circumstances the Archive would be unable to handle the assigned tasks. Following the verbal requests, I wrote again to Dr. Sandor Tutos on 1 August. In that letter I repeated the above and, in view of the deadline that was rapidly approaching, I proposed an administrative solution. The ideal situation would be this: the client goes to the Compensation Office which records the claim, then the Compensation Office finds the institution that has the data, whereupon it sends the given institution a notice to this effect, and subsequently the staff of the institution determines what related data they have in their files. These data will constitute the basis for a decision. Another point I made in my letter was that the Compensation Office should reimburse our expenses afterward at 750 forints per client. I did not get a reply to this letter either. To my knowledge, the government has set aside 640 million forints for the compensation's implementation.

[Vass] Since until now no fee has been charged for research in the Archive—despite the fact that the Archive is understaffed—what was your justification for charging fees now?

[Varga] The existing statutes require Budapest to maintain an archive to preserve documents of historic value. We guarantee the freedom of research for everyone. On the other hand, when someone comes to us with a compensation case, we are the ones who must find the documents, not the person who wants compensation. On 27 August, State Secretary Tamas Sepsey made a public threat on television to the effect that perhaps the citizens should be allowed to act as researchers and find the data they want. The citizens may have been more scared of this threat than we were. However, the Archive cannot change gears completely for carrying out a task that would hinder it in carrying out its normal responsibilities as laid down in statutes, and do this extra government work free of charge. The law on local government also states the principle that when the state assigns a task to a local government, it must also finance that task. Being an institution of the local government of the City of Budapest, this principle applies to us, too. Checking with the Budapest Damage Settlement Office first, on 5 August we closed our doors to outside clients for a week to be able to carry out the work of preparation, so that we would be ready by 12 August, the date when the compensation law goes into effect. We were confident that these problems would be solved. However, nothing has been clarified and, for this reason, we changed the sign in the middle of the week, and are now closed for an undetermined period of time. Also, on 12 August, a third sign appeared on which we inform our clients that they have the right to submit their claim either to the national or the local Compensation and Damage Settlement Office which may not turn them away.

On 12 August (the day of his appointment), Mr. State Secretary Sepsey angrily demanded that we remove that sign although it was clear that its purpose was to protect the interests of private citizens. He did nothing to advance the case despite acknowledging that the Archive is unable to handle the task. He stated at the same time that what they wanted from us was only basic data, not authenticated facsimiles. I requested complete specifications in writing which I just received—now, 17 days after the law went into effect.

On 21 August, I requested an urgent intervention from him. But the solution was only partial, for both the Budapest Archive and the New Hungarian Central Archive were included in the 16-million budget allocated to the 19 regional archives. This meant not only that we received less money (1.7 million) than what we requested but also that the regional archives were also shortchanged.

The deadlock began to break on 26 August when it was again Sepsey who stated on television that the damage settlement offices would accept claims even without verification. With that, he admitted what they had tried to hide earlier, namely, that the Archive was not slowing down the process of compensation.

On 27 August, Budapest Mayor Gabor Demszky made an agreement with State Secretary Sepsey that the state would finance the Archive's work. We were promised that the accounting would be done properly. We would discuss the

financial issues again when we would have exact data on the number of clients and on the expenses.

[Vass] This strained situation seems to be more of a political than a professional conflict.

[Varga] We were lead from the beginning exclusively by professional considerations. Or, more exactly, by the need to efficiently implement the compensation. This was stated already in our letter of 2 April: "high-quality handling of the tasks required by the compensation law is in the interest of the entire nation, but they cannot be carried out without the above (technical conditions)". It was not only Istvan Csurka but also the MDF [Hungarian Democratic Forum], which gave the case a political tint to. The charge that the Archive was supplying data to other parties for money was stressed not only by Csurka but also by State Secretary Sepsey—although it was done in a more refined manner by the latter.

[Vass] According to information received by one of our staff members, that charge originated from State Secretary Tamas Katona at the MDF's faction meeting last week. Would you corroborate that?

[Varga] State Secretary Sepsey also stated publicly on television that his information originated from the Ministry of Foreign Affairs.

[Vass] You said that Gabor Demszky and Tamas Sepsey made an agreement, but the state secretary denied that. How did this contradiction come about?

[Varga] To my knowledge, the state secretary was present at the press conference where Mayor Demszky summarized the contents of the agreement, and he did not refute the fact at that time.

[Vass] What final conclusions do you draw from all this?

[Varga] I am confident that, during the preparation of a new compensation law or any other similar law, the government authorities will include those in the preparatory work who are designated for implementing the statute. What should have been clarified was not only what we wanted to compensate for but also how to go about it.

#### **Csurka's Charges Against Budapest Archive Denied**

*91CH0892C Budapest NEPSZABADSAG in Hungarian 2 Sep 91 p 8*

[Letter by Budapest Archive Director Laszlo Varga responding to statement by Istvan Csurka, member of Hungarian Democratic Forum, and included in article by Gabor Dombo: "The Bitter Experience of Compensation"]

[Text]

[Box, p 8]

Istvan Csurka made the following statement in the 25 August program of the VASARNAPI UJSAG:

There were those "who, in a coup-like fashion, closed the Budapest Archive in order to hinder people seeking compensation in acquiring the necessary documents, while the Alliance of Free Democrats [SZDSZ]-affiliated management of the above institution for money issued an order to grant research permits en masse to researchers of the Yad Vasem Institute of Jerusalem to look for documents that fall under laws that parliament has not even began debating."

On the contrary, the fact is that no one closed the Budapest Archive, either with or without a coup (no one has the right to do that!).

It is a fact—and this is neither a virtue nor a sin—that no member of the Budapest Archive management is an SZDSZ member. A further fact is that any citizen (including foreign citizens) may, without any special permit, research documents that do not fall under any legislative regulation. Another fact is that, because of this, the Budapest Archive, in accordance with the existing statutes, may not—and does not—collect, legally or illegally, money from anyone. And, finally, it is a fact that no researcher of the Yad Vasem Institute of Jerusalem is doing any research at the Budapest Archive (although they would have, of course, the legal right to do so).

In view of the fact that the NEPSZABADSAG quoted—albeit with some criticism—Istvan Csurka's words, I request NEPSZABADSAG to publish this erratum.

[signed] Laszlo Varga, Budapest Archive

#### **German Investment Dominant, Danes Encouraged**

*91P20498A Copenhagen BERLINGSKE TIDENDE in Danish 13 Sep 91 Sec II p 6*

[Article by Flemming Behrendt: "Hungary Looking for More Danish Investment"]

[Text] Paris—While attending the conservative European Democratic Union [EDU] in Paris, [Danish] Prime Minister Poul Schluter talked with his Hungarian colleague, Jozsef Antall.

"He thinks the reform is going pretty well. But one thing concerned him: Investments in Hungary to date have been overwhelmingly German. Nearly 80 percent of the investments so far have come from their German neighbor. He urged that the rest of us also see the possibilities and be reminded of our obligations.

"Antall stressed that investments and technical cooperation, know-how and aid from relatively small countries like Denmark are the most welcome, in order to avoid that the Hungarian economy ends up as a form of patronage by a single, or two of the major countries in Europe. Thus stated, it makes a powerful impression. "But of course they have a lot to learn, given their past of a communist planned economy. They are not familiar with elementary concepts like management and marketing. Nobody taught them. They have no idea how to calculate merchandise. We are talking basics. We can help them in this area."

**Workers' Council Head Lauds Trade Union Laws**

*91CH0836A Budapest MAGYAR FORUM  
in Hungarian 1 Aug 91 pp 1, 3*

[Interview with Imre Palkovics, president of the National Council of Workers' Councils, by Krajczar; place and date not given: "A Systemic Change"]

[Text] In July Hungary's National Assembly ratified two laws concerning trade unions. One regulates issues of the organizations' property, while the other sets the norm of paying membership fees. If they are rapidly implemented, both serve to promote even chances for old and new labor organizations. We have received several indications that employees (both blue-collar and white-collar) consider these laws as the first steps of a genuine systemic transformation. We discussed this and the recently developed situation with parliamentary deputy Imre Palkovics, president of the National Alliance of Workers Councils [MOSZ].

[Krajczar] Mr. President! In your view, why did the MSZP [Hungarian Socialist Party], the MSZOSZ [National Organization of Hungarian Trade Unions], and several branch organizations take a position opposing the long-awaited laws? Why did they make loud (and, according to some people, rather demagogic) statements?

[Palkovics] They were quick to realize that they have something to gain from the prevailing dissatisfaction. Thus, they may even be ready to sharpen the conflicts to the extreme; otherwise they may miss their chance. In the recent past, leaders of the MSZP and the MSZOSZ often created the impression that they do not like each other. Now we can see that they share a dream: Together they wish to form the "New Left," and fulfill the role of social democrats in Hungary.

Separately, neither one is suitable for this task. However, if the MSZMP's [Hungarian Socialist Workers Party] successor were able to prove to the Socialist International that it has a significant mass basis in the MSZOSZ, then the two organizations together would be able to make themselves accepted. They may have even thought of becoming the governing force! One thing must be realized: At last, they have shown their hands.

**At Risk: Power**

[Krajczar] Is there any proof for this?

[Palkovics] The proof is the sense in which they recognize each other. It is the sense in which the press, influenced by the MSZP, works to manipulate public opinion. No more concrete proof is needed.

Another thing: I am asked by associates of certain newspapers, what do I think, to what degree does the MSZP protect the properties of the MSZOSZ? After all, most newspapermen seem to be convinced that much of the wealth formerly held by the MSZMP was plowed into the National Council of Trade Unions [SZOT], which, transformed into MSZOSZ, became the guardian of that wealth.

Thus, it became a potential basis for assuming, or reassuming, power. What this type of questions contain is the assumption that the MSZP did not separate itself from the MSZP, and the MSZOSZ from the SZOT; one depends on the other, and they form one large whole.

[Krajczar] Should we worry that Hungary will come under the control of an international control and supervisory committee? After all, if I understand it correctly, this is what the MSZOSZ uses as a threat, as does the MSZP. The way I see it, this is not an idle threat.

[Palkovics] To a certain degree, it is just that. In the course of our preliminary negotiations (because we too canvassed international organizations as to their attitude on such parliamentary interference), we have been told that this is viewed as an internal Hungarian affair.

By the way, the president of the International Labor Organization, who was here recently, also said that this was unequivocally Hungary's internal affair.

[Krajczar] Anyone familiar with the extensive international contacts maintained by the SZOT or the MSZOSZ, including the complicated personal relationships, cannot underestimate the international prestige enjoyed by the MSZOSZ' positions. After all, ILO [International Labor Office] presidents may come and go, but the apparatus, which has traditionally been on good terms with the official delegates from Hungary, remains.

[Palkovics] I am not happy about revealing some of our strongest cards. Still, we have received some signals from the most influential organizations which tell us that when it comes to our most important initiatives, they are giving us the go-ahead; and also consider them the internal affairs of Hungary. This is what they did last year, right after the new National Assembly was elected, when we came out with our initial resolutions concerning membership fees and property impounding; or when I made my first parliamentary proposal concerning resort properties. Sandor Nagy tried, as early as last year, to use the ILO in filing a denunciation of the Hungarian Government. Then, when it came to light that the government had nothing to do with this, he tried his luck in the National Assembly. However, he was told repeatedly that no one, not even an international organization like the ILO, has the right to take action against democratically elected legislative bodies. Which, of course, has no intention to do anything like that. If a government, let us say that of Hungary, were to crudely infringe upon international trade union conventions, then it could exert some pressure on that government. In this case, however, this is not applicable.

**The MSZOSZ—Even Against the National Assembly**

To be sure, it can be said that I, as an MDF deputy, proposed a bill in the name of the government, thus trying to hide the truth from the public. However, it would be difficult to assert that the opposition, the liberal opposition, that they support the government. We are talking about a fundamental political move here, in which progressive forces (and I would include the SZDSZ, the FIDESZ [Federation of Young Democrats], and of course

the MDF) realized that they must unite, because retrograde forces launched an attack which is aimed at the very frameworks of our society.

[Krajczar] What is your prognosis? The legislature made a decision. The President of the Republic will accept that decision. The Constitutional Court will have nothing to add. What is going to happen next?

[Palkovics] Signs of what we can expect are already visible. Now the MSZOSZ is trying to act as if nothing had happened, and talks that way. It claims that it cares nothing about laws or 90-percent parliamentary majority, it will do whatever it wants to do, and will not discuss properties (which it considers "its own") with the League or anyone else. This is a peculiar situation. What it amounts to is an organization announcing that it does not recognize the competence of the legislature, and rejects lawful action. The way I feel, this is a very dangerous course of action.

We should try to enforce the rule of laws, but I am afraid that, judged by its actions until now, the MSZOSZ will end up opposing the lawful authorities, the government. This is where I am completely baffled by the two-and-a-half or three million supporters constantly mentioned by the MSZOSZ leadership.

#### **What Is Important Now?**

[Krajczar] During the parliamentary season it was frequently asserted, primarily by the opposition, that "this is not the primary issue right now." In other words, that it is not the most important bills that are being proposed, and not the most important problems placed in the focus of public attention. In any event, the MSZOSZ has considerable practice when it comes to play the priority game. Moreover, it is capable of exerting substantive influence, because its implements include the strike weapon. But that is not the problem" If we are going to debate priorities to the end, nothing will get done. After all, everyone may consider this or that issue the most important.

[Palkovics] I have no idea how we could counter these MSZOSZ openings, or how to reduce its privileges. After all, we are talking about a social organization with legitimate bases. Political legitimacy is another story, but it has achieved quite a bit of that, too. Then there is moral legitimacy, a very debatable point: Everyone interprets it differently.

So we are faced by an extremely sensitive situation. If the present government, and the present legislature, are not mature enough to manage, initiate and administer these changes, then we must back up, turn the positions over to those who are able to convince people. If people are willing to accept their point of view, then they are the real leaders. However, I trust that people are mature and realize what their real interests are.

#### **The Dividing Line**

[Krajczar] If I understand it correctly, right now it is the legislation concerning trade unions that represent the only distinction between the five parliamentary parties and the

Socialists. In a certain sense, therefore, what we have here is a national consensus, albeit not a complete one.

[Palkovics] This did not come about in as spectacular a manner as developments proceeded during the taxi-drivers' blockade. I doubt if society itself realized the true significance of this dividing line; especially since the mass media presented this as a quarrel over possessions, so that it was difficult for society to judge the matter positively.

Of course, I can also say something else. In my immediate environment (at the Herend Porcelain Works workers' council, of which I am president) I was told by my colleagues that this was the first time in legislative debates they felt that the system is changing. This was when the MDF, the FIDESZ, and the SZDSZ joined in criticizing the past and its ruling power, the Communists. And after the passage of one year, the legislature heard the facts that demonstrated: it was still the Communists who are responsible for the present situation of the country.

#### **Economic Adviser on Revenue Plan, Economy**

*91CH0931C Budapest FIGYELO in Hungarian  
1 Aug 91 pp 1, 3*

[Article by Tibor Erdos, a member of the finance minister's advisory body: "Why I Would Not Want To Be in the Finance Minister's Place"]

[Text] The Finance Ministry developed an almost 200-pages-long proposal for changing the tax system. The study prepared by our author—a member of the finance minister's advisory body—reveals that the country's burden is very heavy and that internal political strife hinders the concentration of forces to liquidate the crisis. Thus the actual individual tax burden will increase by all means.

One can agree with the Finance Ministry's tax policy proposals in many respects. The tax base must be broadened because this could help reduce the marginal tax rate applied to personal income taxes. Lacking other resources, to do so one must radically reduce the scope of subsidies and exemptions. Differences between sales tax rates must be reduced. Pensions must be calculated in gross figures to render the tax burden on marginal income the same as on income earned. The tax exemption on in kind provisions must be discontinued in order to increase the tax base and to reduce the marginal tax rates. One may welcome the endeavor to unify and simplify the tax system and to make the treatment of various sectors and types of property more equal.

Nevertheless the proposal is decisively marked by an endeavor to preserve both the internal and the external balance. This is so because the burden which weighs down the country appears in a concentrated form in the state budget. For this reason, as one may conclude by reading the proposal, the flexibility of enterprises is barely expanded by taxation, the weight of taxes is not reduced. To the contrary: one may count on certain tax increases. Even this way the state budget deficit is expected to increase to 94 billion forints even though the agreement reached with the IMF [International Monetary Fund] calls

for a reduction of the deficit to 78 billion forints this year, and to 50 billion forints next year. And this does not include the added burden on the state budget stemming from indemnification, the return and operation of church property, the organizing of the world exposition, the restoration of damages caused by the Bos-Nagymaros dam construction, and from certain unavoidable central wage policy measures. By including these one cannot rule out tax increases in addition to the measures outlined in the proposal. In other words: the threat of an even more forceful belt tightening in the domestic economy exists.

### The Greatest Problem

The predictions contained in the proposal are overly optimistic. The tax burden is likely to be greater than perceived, at the same time the beginning of economic recovery in 1992 is unlikely. Inflation is likely to increase at a faster rate than the framers of the proposal think, while investment and individual consumption will be less favorable than predicted. The external and internal balance situation will continue at a critical, low level mainly because of the [low] profitability of the state enterprise sector burdened by excessive taxes.

The greatest problem is that making an appropriate change in the tax system and relieving the tax burden is not something that can be accomplished as a result of a decision. The burden that ties the country into knots does not permit such change and relief. In reading the proposal one finds consistent evidence that fiscal considerations forcing short term improvements in the balance assign a secondary status to the requirements of competitiveness and of economic evolution.

Enterprises may rightfully complain that the actual burden of profit taxes is too high, because the expenses that may be accounted for as amortization fall way behind the actual replacement costs. Thus, not only profits, but also amortization is taxed, moreover to an increasingly greater extent as inflation perseveres and accelerates. According to the present proposal concerning changes in the tax system depreciation rates on investments made after the turning point of 1 January 1991 may be increased: The applicable depreciation rate on newly purchased machinery should be 12.5 percent, 33 percent on computers and 20 percent on vehicles. According to one of the alternative calculations this would produce tax savings amounting to 4 billion forints. The rates are linear. In regard to buildings constructed after the turning point the recommended linear depreciation rate would be 2 percent, i.e. the amortization period would be reduced from the present 100 years to 50 years.

### "Protecting" the Tax Base

Accordingly, only an extremely modest progress would be made, if one may regard this as progress at all. This is so because the new rates affect only a fraction of fixed assets, the depreciation system is not degressive, i.e. one cannot write off initially a much larger part of the capital than in later years even with respect to newly invested capital, and

thus the new depreciation rates to do not provide protection against inflation. For this reason the actual profit tax rate will be substantially higher than the official 40-percent rate because a large part of amortization will continue to be subject to the payment of taxes. The proposal states the reason for this: "protection of the tax base must be ensured," i.e. the grave situation in which the state budget finds itself does not permit the government to abandon the taxation of amortization. Once the economic situation is more favorable the writing off of old assets may be accelerated as a result of an economic decision.

One cannot tell, however, what would cause the economy to improve as long as the expected, after tax profits of firms is insufficient for investments that would accelerate structural changes. True, with respect to newly established firms, if the investment is truly new, and in the same way with respect to investments implemented in the framework of directly imported capital, the increase in amortization rates exerts a more favorable effect. But even in this regard the effect is insufficient, because investors may lose as a result of the rapid growth of inflation, even with the new linear rates. Accordingly, much depends on the future course of inflation.

All along some just criticism has been leveled against taxation of personal income, because this "grabs hold" of the income of those who live on wages, because the rate of progression is too high and because the marginal personal income tax rate is too high. All this presents obstacles in the path of initiatives. Quite appropriately, the proposal for redesigning the tax system calls for a reduction in the rate of progression and in the marginal personal income tax rate preferably to the 40-percent level, which is the official general rate applicable to profit taxes. But due to the grave situation of the state budget such reduction could be accomplished only by discontinuing a broad range of benefits. This, in turn, would "broaden" the tax base. The only benefits that are deductible from the tax base are the "personal deduction" to which every taxpayer is entitled and which represents a preferential tax treatment of the cost of living, and the benefit derived from dependent children. The latter is simultaneously offset by the amount of family supplements.

The proposal stipulates that beginning in 1992 small amounts received would also have to be added to the total income, and the 65-percent benefit on authors' fees, the investment benefit, tax exemption on foreign income and interest on individual foreign exchange deposits would also be taxable. Pursuant to specific standards, in kind provisions must be calculated as part of the taxable income. (For example: a car assigned for an employee's personal use or accommodation in a free of charge or low rent service residence.)

Pensions will be accounted for in gross amounts. Consequently, retired persons will be taxed at a higher rate for marginal income earned from possible employment. Sales revenues amounting to less than 500,000 forints and derived from agricultural small production will not be tax exempt either. For this reason, despite a reduction in the

personal income tax rate or a drop in the marginal rate, agricultural small producers will be worse off and their actual tax obligations may increase significantly. This will obviously serve as cause for tensions, particularly if we keep in mind that social strata which enrich themselves quickly will increasingly look for tax shelters. Considering what is tolerable from a political standpoint, the proposed concept according to which the personal income tax rate should perhaps be made degressive may be regarded as outright unacceptable.

The proposal fails to make reference to adjusting tax brackets to inflation. Due to the grave situation of the state budget this will probably not take place at all, or if it will, the extent of adjustment will be insufficient. The proposal contains no reference to the taxation of income derived from indemnification either.

#### **Reducing Differences While Raising Taxes**

Balancing requirements also dominate the proposed change in sales taxes. Reducing the differences between various sales tax rates is appropriate, but tying this to a general increase in sales tax rates is unpleasant: They will raise the zero sales tax rate to 10 percent and reduce the 25-percent rate to 20 percent. Taken together, this represents a 2.5-percent increase in consumer prices, which provides about 30 billion forints for the state. The reason given in the proposal is that thus far sales tax revenues increased at a slower pace than expected because demand shifted in the direction products and services with a zero sales tax rate, most of which satisfy basic needs. This shift occurred largely because of a reduction in real wages, and in general because of the impact of the economic decline on income. But the fact that zero tax rates enable vendors to charge lower consumer prices also played an obvious role. The state wants to make up for this shortfall, moreover it wants to accomplish this by discontinuing the zero tax rate before it wants to decrease the 25-percent tax rate to 20 percent.

Considering the present situation of the state budget it would be difficult to attack the intent to raise sales taxes. A tax increase could only be avoided if expenditures could be reduced to an appropriate extent, but no sufficiently wise recommendation can be made to accomplish the latter. The fact remains fact: an increase in sales taxes is likely, such increase will exert an effect on inflation and that effect will not foster evolution.

#### **Optimistic Forecast**

Inflation directly affects the balance of the state budget, taxation—the way our burden changes—as well as the possible ways of evolution. But in my view the proposal is overly optimistic in predicting only a 21-percent inflation rate for 1992 along with a 3-percent increase in the GDP [Gross Domestic Product] which also amounts to an optimistic forecast. The framers of the proposal envision this inflation rate along with an approximate 20-percent nominal wage increase, a 25-percent nominal increase in pensions, but with respect to organizations funded through the state budget they anticipate only an approximate

10-percent increase in maintenance and operations expenditures. But one could hardly expect to see a mere 21-percent inflation rate along with a 20-percent wage increase, if the rate of investments no longer declines in 1992 and if the real appreciation process of the forint ceases. The latter are additional assumptions contained in the proposal. Thus far a moderating investment rate and forint devaluations which were small as compared to foreign and domestic inflation rates served to slow down inflation. These will no longer count as factors reducing inflation and thus a 20-percent wage increase would produce at least a 20-percent inflation [rate].

At the same time an increase in sales taxes will be introduced, and possibly also a liberalization of wages which certainly would result in nominal wage increases greater than 20 percent. The balance of payments deficit must be reduced—i.e. the export surplus will further increase—and it is likely that the expected increase in the GDP will not materialize, instead a possible further reduction in the GDP will take place. Firms will naturally react with price increases to all this.

Any moderation in this years inflation rate in excess of 35 percent would be a noteworthy achievement. But precisely for this reason inflation will continue to cause grave problems in the state budget, irrespective of whether we consider interest subsidies or expenditures which depend on inflation. Due to inflationary concerns related to taxation—such as the real burden of enterprise taxes, the real evolution of personal income taxation and in conjunction with this the weakness of motivation—also cause tensions. And at that point we have not even considered the new burdens imposed upon the budget: indemnification and the world fair.

#### **Politics and Economics**

Total confusion existed with respect to taxes imposed upon dividends, interest income and capital gain, and this confusion is here to stay. It manifests itself in part in the theoretical uncertainty of economic policy makers, but the real reason is that there is not enough money for anything. One cannot pay a positive interest on funds borrowed from individuals as long as the interest rate on loans falls far behind inflation, or if a large part of such interest is forgiven. Such loss cannot be supplemented from a budget struggling with a heavy deficit. Under such conditions interest income should not be taxed on the basis of general rules, the individual and enterprise credit sphere cannot be dealt with uniformly and one cannot find a satisfactory solution for the taxation of dividend income either.

The special taxation of interest and dividend income continues to remain on the agenda together with solutions that can be supported. They will tax the nominal interest paid to individuals—interest which does not produce real income because of the inflation. The rate is uncertain, nevertheless it is certain that it will not fit into the personal income tax system. Whether dividends will be taxed remains undecided, but they want to tax gains stemming from changes in the value of securities. This absurd situation has not evolved as a result of some economists'

stupidity, but because of the gravity of the economic situation—the external and internal determining factors of the economic situation—into which the political sphere drove this country.

The politics of the past may be blamed for the lack of balance, the grave external indebtedness, and for the economic structure which is the opposite of efficiency. But a number of new decisions further deteriorate the grave situation. For example, the interest burden on indemnification vouchers is expected to amount to 20 billion forints annually. This amounts to two-thirds of the hoped for revenues to be derived from increased sales taxes. As of now, no one is able to assess the burden to be placed upon the state budget as a result of returning real property to the churches, just as no one is able to name the source from which funding of these burdens can be obtained. A peculiar division of labor is taking shape. Politicians demanding the ancestral estate and wanting to remedy the injustices caused by nationalization make grandiose decisions, but leave the job of finding funds to cover the burden created and to avert a threatening economic collapse to leaders in the economic field. To use Jozsef Torgyan's words: "A leader is a leader because he is able to shed water out of a rock, if necessary." I would not want to be in the finance minister's place.

#### Finance Ministry Official on Budget Deficit

91CH0871B Budapest MAGYAR HIRLAP  
in Hungarian 26 Aug 91 p 8

[Interview with Peter Kiraly, Ministry of Finance administrative state secretary, by Ilona Kocsi; place and date not given: "We Should Manifest Moderation in Debating the Budget"]

[Text] "Purgatory cannot be avoided by Hungarian society," states Peter Kiraly, Finance Ministry administrative state secretary, speaking of the cost of and sacrifice to be made for changing the economy. This year's Budget Law needs not be changed because the 10-billion-forint deficit increase was not caused by fundamental changes. The economy will pick up next year, but budgetary tensions may mount; therefore, this year's deficit levels must be reduced in 1992. But at what price and on whose account?

[Kocsi] You stated in a recent interview that the Finance Ministry was left to its own and its views gained no support in discussions among professionals. If this has been the case in the past, the same situation could arise in a more intensive form at present, just prior to the opening of the struggle over tax and budgetary issues. You intend to enforce some rather tough measures, after all. From whom or from what do you expect to receive support in fielding the anticipated "heavy artillery attack"?

[Kiraly] We have confidence in the economy. Economic performance is favorable. The changes that have begun do not essentially deviate from the trend and process we outlined in the four year program. Accordingly, from this vantage point we are optimistic in looking forward to the

debate. At the same time there is no doubt that having our concepts accepted will be far more difficult this year than last year.

[Kocsi] Why?

[Kiraly] Last year it was clear to virtually everyone that the upcoming changes would increase the burden. The switching of ruble trade to settlement in dollars, the oil shock, the damage caused by drought which in retrospect was overestimated, and in the overall the transition to a market economy necessarily intensifies structural tensions. It was obvious that we could not ride out the storm of changes of this magnitude without sacrifices and losses. The situation is different at this time. In 1992 the economy may begin to pick up on the demand side, but this will not produce a larger disposable income for the populace. Accordingly, restrictions on consumption cannot be relaxed despite improvements in economic processes. We will have difficulty in explaining these contradictions and having them accepted, nevertheless the budget deficit will have to be reduced as compared to this year's level. Meanwhile society manifests signs of exhaustion....

[Kocsi] Signs of exhaustion might have appeared because the repeatedly new burdens exceed the people's load bearing capacity.

[Kiraly] I know of no added burdens. Difficulties necessarily accompany transition. At the same time the contradictory nature of the situation has been indicated by the significant increase in the volume of net individual savings. Accordingly, one could much rather say that the standard of living has become differentiated. One could also take note of the fact that various interest groups have "awakened" and gotten together. It appears that these groups want to test their strength in the course of next year's budget debate.

[Kocsi] Specifically whom do you have in mind?

[Kiraly] Interest groups behind various ministries, and strata affected by various indemnification alternatives propound their interests with increasing firmness. It will be far more difficult to have the new budget accepted in this medium.

[Kocsi] The fact that you are scheduling a 70-billion-forint deficit for 1992 has already been revealed. Having added up the needs, where do you stand now, what is the starting point from where you have to arrive at the 70-billion figure?

[Kiraly] I don't know, such recapitulation has not taken place.

[Kocsi] But such preliminary figures did exist last year. Aware of these figures, your ability to decrease the volume of budget requests amounting to 100 billion forints to a 78 billion forint level amounted to a rather spectacular performance. Parliament accepted this figure in the end.

[Kiraly] We did not use needs as a starting point in our budgeting work. We approached the acceptable budget size from the standpoint of feasibility. We had to assess the

available volume of external and internal resources, the expected course of inflation, unemployment and the extent of social welfare expenditures. Had we added up the needs we could have ended up with a deficit amounting to several hundred billions of forints, but this would only have amounted to a play with numbers. No realistic basis would exist for financing a deficit of this magnitude. Even the 70-billion deficit level has been preconditioned by not reducing the tax burden next year, by having to include funding for social welfare payments that were transferred from social security, and by assigning a greater responsibility to employees and employers in parallel with increasing unemployment. Along with this we would also like to make drastic reductions in state overhead expenditures.

[Kocsi] All this suggests that the maximum permissible 1992 deficit level is 70 billion.

[Kiraly] No figure has been cast in concrete, of course. But budgets for future years cannot be burdened with an amount greater than that. This is so because the resources used to finance the deficit earn interest, and interest payments always represent a burden in the budget of the subsequent year. A 20-billion-forint financing requirement resulting from interest payments on the 70-billion-forint 1992 deficit will appear in the 1993 budget. At that point the 20-billion-forint financing requirement must be used as a starting point, it constitutes a burden. Interest expenditures on this year's approximately 90-billion-forint deficit will amount to about 25 billion forints next year. At the same time, government spending over and above the revenues fuels inflation. Accordingly, the possible size of deficit is predetermined by a rather large number of factors.

[Kocsi] You planned a 78-billion-forint deficit for this year, at the same time, however, as things stand today, the deficit may be as high as 90 billion forints. The financing of this deficit may also raise concerns according to what you have to say.

[Kiraly] No. A deviation amounting to one half of one percent of the GDP [Gross Domestic Product] is offset by economic processes. It can be financed by domestic resources without increasing our external indebtedness, because the net individual savings position is better than what has been planned. Incidentally, this year's added deficit is not a result of runaway government spending, but of lower than planned revenue levels.

[Kocsi] How much flexibility does the government have in deviating from projections made in the budget?

[Kiraly] The respective authorities of the National Assembly and of the government have been spelled out in more detail than ever before in the budget law. Certain projections may be changed only by parliament.

[Kocsi] Such as?

[Kiraly] Subsidies and social welfare expenditures for example. The government may exercise discretion over expending reserve funds or with respect to regrouping

certain expenditures while not increasing the aggregate amount of expenditures. In addition, certain automatic factors also exert their effects. These are functions of economic processes and do not depend on governmental decisions. This includes for instance a substantial part of profit taxes or export subsidies in the area of expenditures. These are stated in terms of percentages and the actual amount of expenditure depends on the volume of exports. Even the amount of debt service depends on credit conditions and on interest rates. All these items exert a mechanical influence on requirements established in the budget.

[Kocsi] Could there be a need to amend this year's budget due to the 10 billion forint deficit increase?

[Kiraly] Whenever parliament agrees to a deficit figure it also accepts the method for, and composition of financing such deficit. We would of course have to request approval if fundamental changes in the budget occurred, i.e. if there was a need to amend the budget law. But in our view the present change is not of this character. The 10-billion-forint increase in the budget hardly amounts to one-half of 1 percent of the GDP, and it barely exceeds one percent of the gross amount of the budget. This kind of change does not present a need to seek permission. The government is authorized to provide automatic financing anyway, but in preparing the final balance we must pin down the exact amount of deficit and the method of financing. This actually represents a technical change in the budget.

[Kocsi] Would it not be appropriate to do so in the course of the budget year? After all, it is certain that the 78-billion-forint deficit level cannot be maintained.

[Kiraly] The exact figure will be revealed only in the course of preparing the final balance. Amendments to the budget law—i.e. substantive changes—become necessary only if fundamental changes are involved. Last year, for example, an action package had to be developed because the actual processes significantly deviated from what has been planned. A situation like this does not exist at present. Quite naturally, in the literal sense of matters we have already changed the law several times this year: At one point parliament acted under its own authority to support the Red Cross over and above the 400 million forints earmarked for social organizations. Or, one may regard the joint approval by the government and parliament of a 5-billion-forint expenditure to compensate for certain price increases as such change.

[Kocsi] The deficit already amounted to 61 billion forints in the first seven months. Could it be that you would not be able to maintain even the 90-billion-forint deficit level?

[Kiraly] I am not reassured from the standpoint of the internal balance. Demands are too large, and on top, not even the appropriateness of these demands can be questioned. Accordingly, a threat exists that as a result of impatience or social demagoguery, of making the most of the adverse mood and despair of certain strata of society, certain proposals emerge which cannot be managed from the standpoint of the economy, or can be managed only at

the cost of great sacrifices. Even though regardless of what we are doing, Purgatory cannot be avoided by Hungarian society either. And this will have its price and its victims. Whoever claims that social and economic change can be accomplished without paying a price and without sacrifice is unaware of the nature of things. Nothing in the economy happens without consequences. Accordingly, sobriety and moderation are needed to get us through these truly immense difficulties. Can we maintain the 90 billion level? Much depends on year-end tax payments. At this time the deficit level seems to be realistic, but we must make clear that no additional commitments can be made.

[Kocsi] Even though quite a few just demands worthy of consideration will emerge this year.

[Kiraly] A significant part of these demands is undoubtedly justified. But it can be justified only in the framework of the given structure. And this structure is bad. By all means, the time has come to make changes in the big distribution systems. In my view it is unfair when a person who makes a living of minimum wages receives the same amount of family supplement as the company president, the state secretary or for that matter the entrepreneur. This social injustice distorts matters and in reality reduces the amount of support that could be provided to the needy. Why should everyone be supported as a result of lower pharmaceutical prices? Why do retail pharmacies work with a 30-percent profit margin? Why do we maintain so many background institutions? While several hundred thousand people are unemployed in the productive sphere, there are no unemployed people in the bloated administration. But I could go on even by looking at the other side of this issue, the way many abuse the unemployment assistance program. Budgeted funds have a low efficiency unless order is established at these points, because purposes in great need of funds do not receive enough money.

[Kocsi] Let us revert to next year's budget. You mentioned that the 70-billion-forint figure is as valid as the holy scriptures. But still, how much flexibility is there?

[Kiraly] This is the maximum amount that can be financed. The figures 71 or 72 may be okay, but one should realize that somewhere in that vicinity we have reached the upper limit. About 50 billion forints would be an ideal situation, but that would demand an unacceptable magnitude of constraints. Next year we will receive less money than this year from the IMF, the World Bank, or for that matter from the Common Market and from the OECD [Organization for Economic Cooperation and Development]. This will mean that the central bank will have to rely to a greater extent on the money market. Economic performance, GDP growth, and a shift in the state budget in the direction of balance must be proven in the money market. The money market will not provide funds to finance consumption, to be sure.

[Kocsi] This amounts to a rather small degree of flexibility. The question is whether it will be possible to reach a compromise under such circumstances, or could it be that we will start the new year without an approved budget?

[Kiraly] The situation is difficult. While the economy is moving in the right direction consistent with our hopes, and while we may witness the beginnings of a recovery, 1992 and 1993 promise to be more difficult years from the standpoint of the budget than 1991. Expenditures must be cut back in order to moderate the deficit. A compromise would be conceivable in terms of rearranging expenditures, and hardly by increasing the expenditures. And if expenditures were to be increased nevertheless, this could threaten the feasibility of financing.

#### Pros, Cons of Proposed Labor Law Assessed

91CH0931E Budapest FIGYELO in Hungarian  
8 Aug 91 p 15

[Article by Tamas Prugberger, Miskolc University law professor: "Labor Law: Contradictory Amendments"]

[Text] The Ministries of Labor Affairs and Justice released the final draft of the labor law in early June. The author, a law professor at the University of Miskolc, discusses the contradictions not included in, or viewed differently by, an article on the same subject published in FIGYELO No. 30/1991.

The new draft labor law does not make changes either in the narrow and formal scope of authority of plant councils or in the unregulated state of the interest-mediation mechanism. Although with respect to authority to consummate collective bargaining agreements the proposal no longer vests "the trade union deemed to be most significant based on its membership size and other circumstances" with rights to represent workers, but instead assigns those rights to a trade union that qualifies as "representative," it only regards those trade unions as representative which in plant council elections acquired more than 50 percent of the votes by themselves or jointly with another trade union. Thus the possibility for one trade union trend to exclude another exists.

#### Plant Council

As a result of this provision an employer could create divisions between trade unions and reduce their strength, because aside from all other considerations, the draft continues to fail to establish such restrictions regarding employer interest groups. Compared to the previous proposal, however, this draft enables trade unions which acquired only 10 percent of the vote at plant council meetings to participate in something akin to a consultative capacity in collective bargaining negotiations. Since these trade unions cannot take part in consummating the collective bargaining agreement, this entitlement amounts to a halfway solution. The other side of this problem has been exposed in the FIGYELO No. 30/1991 article, i.e. a situation in which no trade union acquired at least 10 percent of the vote in the plant council elections, or in which no trade union ran a candidate. Under these circumstances no trade union representative would be authorized to consummate a collective bargaining agreement. In addition, the present draft obligates employers to cooperate and negotiate only with those trade unions which achieved this 10-percent ratio. Officers of trade unions which did

not achieve this ratio would not even be entitled to receive protection under the labor law.

Incidentally, the fact that in contrast to the previous proposal this draft ties the entitlement of trade unions to act to the ratio of votes achieved in plant council elections represents a deviation from the original plan which conformed with the practice followed in the FRG, in which workers elect their plant councils independent from trade unions. In the framework of this solution contained in the draft the relationship between plant councils and trade unions has become truly contradictory. This should not be understood to mean that trade unions should not be able to participate in nominating members of plant councils, all it means that additional legal effects should not be tied to such participation. Experience abroad indicates that the German and Austrian solutions which consistently separate plant council functions from trade union functions works better than in places—e.g. France—where the two functions overlap. Reference must also be made to the fact that plant councils operate in various types of individual and corporate enterprises also in developed West European states. Since plants—as organizations—are similar everywhere, no problems should flow from this fact, nor should there be problems with having several plant councils in enterprises which have several plants. Delegates of plant councils form the enterprise council which coordinates the activities of plant councils.

#### **Before the Court**

As compared to the previous proposal, the opportunity to bring collective labor affairs before a court has broadened. One may go to court if an employer violates the entitlements of plant councils to concur and to comment, and further, if the minister of labor affairs expands a collective agreement by way of a determination, or if the issue of entitlement to consummate a collective agreement is in dispute.

In a manner similar to West European law, we should also declare that disputes stemming from violations of collective agreements and from plant agreements, and from infringing the entitlements of interests groups and their representatives by either side may be presented to a labor affairs court. I underline here the labor affairs character of the court, because there is concern that cost considerations relative to the new labor law might discontinue the organizational independence labor affairs courts enjoyed thus far, establishing judicial panels to be concerned with labor affairs within ordinary courts. Due to the slow pace at which cases are handled in courts, this situation would have an adverse effect on labor affairs adjudication, in which rapid case handling is of particular importance for existential reasons.

#### **Those in Leading Positions**

No change has been introduced regarding the mandatory rule for written agreements regarding base wages in employment [“work”] contracts—a matter I have criticized in my previous article. On the other hand, a positive

feature emerged relative to changes in employment contracts. From among the two alternatives offered in the previous proposal the new draft adopted the alternative which prohibited a situation in which a collective agreement and a plant agreement could make after the fact changes in employment agreements to the detriment of employees.

The chapter pertaining to compensation for work is consistent with the law adopted last March concerning the enhancement of employment and assistance to the unemployed, insofar as it enables the introduction of shorter work weeks in response to economic constraint. A new and appropriately included feature in the draft is the rule which mandates the payment of interest at a rate of 20 percent to employers who are late in paying wages. This is particularly important from the standpoint of lax payroll practices followed by private employers.

An entirely new chapter of the draft contains special provisions applicable to persons who hold leadership positions. Appropriately, the responsibility of such persons to provide indemnification is determined on the basis of civil law. In contrast, however, I do not approve of the fact that when it comes to the dismissal of persons holding leadership positions the prohibitions related to dismissals do not apply, while at the same time—contrary to the practice followed in West European states—they are not entitled to special severance pay either. One also has to disagree with the idea of preventing a leader from establishing an additional employment relationship or some other legal relationship for the performance of work, and one cannot agree with the fact that a leader be prevented from becoming a simple member of a business organization which pursues an activity similar to that of his employer. All this should be defined by providing a broader latitude, consistent with the provisions of the corporate law.

#### **Start Fund, Marosan Departure Delayed**

91CH0931D Budapest FIGYELO in Hungarian  
1 Aug 91 pp 1, 4

[Interview with Gyorgy Marosan, Hungarian Enterprise Development Foundation managing director, by Gallai; place and date not given: “Start Loan Fund—Will Marosan Remain in Place?”—first two paragraphs are FIGYELO introduction]

[Text] According to the latest information we received at press time the 1 August start-up date for the Start Loan Fund has changed somewhat. Instead of reporting on paying out proceeds of loans, we are able to report that at best, banks will receive loan applications beginning on this day. But when will this turn into money and what kind of money will it be?

The first of August is noteworthy not only in the history of the Start Loan Fund, but also in the life of Gyorgy Marosan, the managing director of the Hungarian Enterprise Development Foundation. According to his letter of resignation tendered in late May this is the day when he

would leave his job. But just as the Start Loan Fund did not come about on the promised date, Marosan's departure did not either.

[Gallai] In the end the basic condition for providing loans, the guarantee funds has been worked out under your direction, moreover you will also be part of starting up this fund. Will you stay?

[Marosan] That's out of question. I am an advocate of radically implementing already announced divorces. All there is to this is the fact that they have not yet found my successor, and they asked me to stay on for a short period of time.

[Gallai] As a former banker, and as reports have it. As a future banker, how do you assess your latest job performed with the speed of lightning? Based on the guarantee fund, would you gladly grant loans from the Start fund?

[Marosan] Conditions established by the German Government and by the MNB [Hungarian National Bank] did not provide much latitude in developing the guarantee fund, but in the end I feel that it provides an appropriate guarantee to banks. From among the alternatives we developed the one which permits an entrepreneur to utilize the guarantee fund for up to 80 percent of the amount borrowed won out. But even this way the banks obtain a 150 percent guarantee pursuant to accepted Western standards, because in order to obtain a 1 million forint Start loan a person must have 500,000 forints in cash, as well as funds to back 20 percent of the loan which in this case amounts to 200,000 forints. In the final analysis an entrepreneur must have 700,000 forints in order to receive a 1 million forint loan.

[Gallai] Accordingly, this loan structure is favorable from the standpoint of the bank. But it is not so favorable from the entrepreneur's standpoint....

[Marosan] ... at least from the standpoint of starting entrepreneurs. They have no assets whatsoever, they cannot even think about receiving a loan. Although the interest rate is favorable, it appears that there is more to this than interest rates.

[Gallai] In other words the Start Loan Fund represents a start only in name. Despite this fact one may expect applications amounting to multiples of the available funds because not every entrepreneur thinks through this matter on time. Many entrepreneurs are confident that this loan fund indeed provides some benefit, some advantageous loan fund. How do you feel about loans granted at lower than market interest rates?

[Marosan] I am not an advocate of lower than market interest rates, after all, due to applications for multiples of the available funds this project may easily turn into a [free for all] distribution of loans. In my view the interest charged on these loans should come close to market interest rates.

[Gallai] But the Enterprise Development Foundation also grants loans at below market interest rates. Why do we

need various foundations, special "preferential" loan structures at a time when in market economies the institutions of capital funds and investment banks have been invented a long time ago?

[Marosan] In normal market economies 90 percent of these cases would involve simple banking work, some routine work. But we do not yet have a normal market economy. Aside from that, entrepreneurs are not investors, they seek credit, and we have a rather short supply of the latter.

[Gallai] But if we attempt to establish a market economy in a manner alien to market economies, what chance do we have to establish a market economy?

[Marosan] We are in a transition period. In the final analysis the role played by the foundation amounts to no more than ensuring the purity of the disbursement of loan funds. The most important reason for my resignation was the fact that after changes took place in the board of the Enterprise Development Foundation some pressure has been exerted on the managing director as to the purposes for which the foundation should provide funding.

#### Commodity Exchange's Prestige Growing

*91CH0871A Budapest MAGYAR HIRLAP  
in Hungarian 18 Aug 91 p 16*

[Interview with Szergej Keresztesi, Hungarian Commodity Exchange managing director, by Terez Katalin Nemeth; place and date not given: "Hungary May Become the Center of Central European Commodity Exchange—It Is Possible To Kill the Market, but Doing so Costs a Lot"]

[Text] Even though a commodity exchange has been operating in Hungary for almost two years, many might have learned about its existence only as a result of the situation that evolved after last spring's drought. The "Day of New Bread" lent itself as an appropriate occasion to converse about the past with Commodity Exchange Managing Director Szergej Keresztesi.

[Keresztesi] Interestingly, the idea of establishing a commodity exchange occurred not to enterprises engaged in the international trade of produce, but to Konzumbank, a financial institution desiring to broaden its profile. Not a single deal was struck at a produce auction the bank organized in February 1989. Following the unsuccessful auction Konzumbank engaged outside experts to find out the causes of fiasco. They got in touch with Agrimpex at that point. We were quite pessimistic about the situation in the spring of 1989.

[Nemeth] This took place in April, nevertheless the Commodity Market was established in the fall. What has changed in the course of a few months?

[Keresztesi] The well-known East European events swept away the Berlin Wall and other restrictive factors, and brought a fundamental change in Hungarian economic and political conditions. The rug was pulled out from under the agricultural order that served as the foundation for the earlier social policy. The elements of this change were the

reduction of subsidies, the introduction of free prices, and the full liberalization of both foreign trade and domestic commerce. We realize by now that everything needed for the operation of an exchange was present as of 1990, moreover, that one could not have hoped for more favorable conditions. All this was not so obvious back in 1989, however. At that time we continued to make efforts to establish the Exchange because we did not want the already invested energy to go to waste and to lose the support of the prestigious Agrimpex. At that time cooperation between Agrimpex and the Konzumbank amounted to finding people willing to take part in an enterprise which did not hold out the prospect of any profit. Moreover, the outcome of that enterprise was also uncertain. In the end, Agrimpex, Konzumbank, the OKHB [National Commercial and Credit Bank], Mezobank and a few other smaller firms contributed 1.9 million forints to find out whether something would come out of all this.

[Nemeth] And the state? Couldn't you have asked for budgetary support?

[Keresztesi] The idea of seeking government support occurred last March. We completed our first assessment at that time. Our first year's trading volume was not only discouraging, it was also saddening. It became clear that this group of banks would not finance this undertaking in the long term unless results were shown. I wrote to virtually every minister and state functionary. Virtually every reply indicated that our enterprise enjoyed their moral support but financial means were not available.

[Nemeth] What prompted a change?

[Keresztesi] We may attribute the turnaround to an external event and to the drought. Some other events also took place of course. The elections were over, the new government was established, but the effects of these events could not be felt for a long time to come. The fact that the Budapest Stock Exchange opened on 21 June 1990 exerted a favorable influence, but not even this had much of an impact on the Commodity Exchange. But bad weather with catastrophic effects on agricultural production was a different matter. Not a single transaction has been consummated at the Exchange during the first half of July. On the following business day, however, the volume of trading amounted to 45 million [forints]. The significance of this amount becomes evident if one considers that the total volume of trading during the first six months amounted to 68 million [forints] altogether. Thereafter all hell broke lose at the Exchange. The corn hysteria broke out and everyone became involved: the government, merchants as well as producers, and the economic press also likes to publish articles about agriculture and the weather during the summer lull. The corn hysteria resulted in two things from the standpoint of the Exchange. On the one hand, the Exchange became the only place where one could find out about changes in the price of corn. The Ministry of Agriculture which thus far did not even recognize our existence made reference to prices quoted at the Exchange, and it directed potential buyers of corn to the Exchange. This focused attention on us and we tried to take advantage of that. Our efforts manifested themselves primarily

in the development of international relations. Companies engaged in international trade were first to take note of the Hungarian Commodity Exchange. Subsequently we succeeded in reaching a cooperative agreement with the two largest commodity markets in the world, the Chicago Exchanges. We were the first East European Exchange to consummate an agreement with the Chicago Exchange; only Hungary, China, and the Soviet Union from among the former socialist countries have similar agreements.

[Nemeth] Let us return to the history of the Exchange. Last fall some people believed that a growth in the volume was hindered by the stringent accounting system. Did you try to do something about that?

[Keresztesi] This was indeed the other matter that demanded a serious decision on our part in the situation that evolved as a result of the drought. Our accounting system deals with an awful lot of deposits and financial security payments. In due regard to the fact that money is the most expensive commodity in Hungary and mainly in the agricultural field, our accounting requirements are very stringent. Despite temptations, we decided not to loosen up our accounting system. We were thinking in the long term. Sustaining the Exchange on its own was the key issue, and this could have been jeopardized in the absence of stringent rules.

[Nemeth] And then, last November you raised your capital stock....

[Keresztesi] The owners recognized that the battle was over and that despite all of our intentions we would be unable to function without money. We received a heavy dose of capital. Those who owned the Exchange to that point increased our capital stock to 25 million forints. This amount was still extremely small. By then we had a team capable of operating the Exchange and we achieved our planned level of having 50 members. Unlike the Stock Exchange, the Commodity Exchange limits the number of its members.

[Nemeth] What happened after this sudden leap?

[Keresztesi] Our primary hopes for 1991 centered primarily around an increased volume. First quarter results were encouraging. As we continually indicated, minimum prices increasingly paralyzed commerce and also the Exchange beginning in March. Thus, at present—at harvest time—when the volume should be approaching last year's figures, business has come to a virtual halt. And the government which openly advocates a market economy is incapable of taking a step in this regard. The Exchange plays a huge role in a situation like this, and this is recognized even by the ministry. On the other hand they also know that if they acknowledged this fact they would ground a significant part of the agricultural sector. Some of the firms will go broke even without this. Most certainly, minimum prices are maintained not for economic, but for ideological reasons. The entire agricultural sector is a loser in this situation, but the Exchange is the biggest loser.

[Nemeth] Practically no commodity exchanges function in Europe. On what basis do you claim that an initiative of this nature could be successful in Hungary?

[Keresztesi] Nothing but the EC's rules of agricultural order kill commodity exchanges in Europe. The existing system amounts to a most stringent planned economic management system. This causes an awful lot of disturbances within the EC. The fact that internal prices skyrocket to twice the amount of world market prices results in continuous over production. This proves, for example, that it is possible to kill the market, but doing so is very costly, because exports as well as producers must be subsidized. This system is dying out even within the EC, in part because at GATT negotiations the United States strikes hardest at the EC's agricultural policies, and in part because in the long term not even the EC has enough money to maintain this system. In examining Hungarian conditions one should clearly recognize that Hungary does not have enough money either to operate a system like this in the long term. And if we add to this that in Hungary agricultural products are produced to satisfy the needs of about 15 million people, we find that even though the neighboring countries are not overly inclined to make purchases, they will, by all means, become importers within a short period of time. Just as they were before and after the war. It is clear that Hungary is their most favorable source for produce. And if these purchases take place within a system that can be understood, they will use that system. They will take advantage of the opportunity to free themselves of the risk of price changes, to have guarantees, to complete business transactions. We have a realistic chance of becoming the same commodity exchange center in Central Europe as we were before the war, nevertheless many things must evolve before that happens. Compared to the countries in our neighborhood our infrastructural background is good, although not satisfactory. And the variety of products traded should also be expanded.

[Nemeth] This was the aim of the meat section established this year.

[Keresztesi] That is not the case, we did not start that initiative, but those concerned preferred if we dealt with that issue. Nowhere in Europe is meat being traded on the exchange, and in the United States they are trading four commodities altogether.

[Nemeth] What next? Will there be a commodity exchange and a stock exchange like before the war?

[Keresztesi] Above all we need a floor where we can trade. In this regard we would like to cooperate with the Budapest Securities Exchange. At present, however, the development of possible forms of cooperation is stagnating. The direction in which we take the next step is not at all clear. Insofar as we are concerned I would not rule out the possibility that in a manner similar to prewar conditions, the two exchanges could merge into a single institution.

[Nemeth] What is your overall assessment of the past two years?

[Keresztesi] The fact that we established a functioning exchange out of virtually nothing is by all means a success. And this is only the beginning. The prestige of the market is continuously increasing. The best yard stick by which this can be measured is the price of membership on the Exchange. (After reaching the 50-member limit one can become a member of the Commodity Exchange only by purchasing such membership.) The first membership was sold for 350,000 forints. The second membership for 550,000 forints, and most recently membership was sold for 1.1 million forints. Our professional and organizational background is also appropriate. I believe that we have reached a phase in which it would not be easy to turn around the development of the market.

#### Opposition Cool to Compensation Law Referendum

91CH0836C Budapest MAGYAR HIRLAP  
in Hungarian 6 Aug 91 pp 1, 4

[Article by Janos L. Laszlo: "A Trial or a Bomb: Dissidents on Compensation, Plebiscite"]

[Text] As announced last week by the Social Interest Reconciliation Council [TET], more than 100,000 signatures were collected in support of a plebiscite that would review the law on compensation. For the time being, however, the petition will not be presented to the National Assembly. It is too early to decide whether this is another lightweight try, or will this be one of the great political bombs of the fall season. A few months ago, the relevant committee has already dealt with a deputy's proposal to modify the law on compensations and introduce stricter qualifications. As the committee stated at the time, the proposal would have to be augmented. It is possible that the TET's signature-collecting action will speed up the parliamentary progress of such modification. We asked SZDSZ [Alliance of Free Democrats], MSZP [Hungarian Socialist Party], and FIDESZ [Federation of Young Democrats] deputies: What do members of the opposition, who disputed all or almost all of the law on compensation, have to say about this initiative?

**Miklos Haraszti, SZDSZ spokesperson:** In the National Assembly the governing party rejected the SZDSZ initiative calling for a proposal which, combined with laws on land and privatization, would guarantee that compensation work for economic progress. Since then we have been opposing this "negotiated" form of compensation, so that we can sympathize with the signature-collectors. But I have many more reservations concerning the form of this initiative. The four questions it contains are professionally confused, they overlap and exclude each other, and are generally useless for producing legislation. They are only useful for expressing antipathies. If they succeeded in collecting the requisite number of signatures, and if a plebiscite was called, I believe the initiators would fail even then. According to public-opinion researchers, one-fourth of the population has accepted the idea of compensation. Thus, there would be not enough voters at the polls,

or else supporters of the compensation would be in a majority; after all, a positive approach is always a more powerful mobilizer.

At the same time, I find it quite preposterous that the issue of plebiscite is handled ever more cavalierly by its initiators, taking advantage of the fact that turning in the signatures is not prescribed by law. This is not the first time when initiators of a signature campaign play politics with their signatures. This happened in the case involving Zoltan Kiraly and the MSZP, and it was most recently done by the MSZOSZ [National Organization of Hungarian Trade Unions]. By not even turning in the collected signatures, the latter organization opened the door to a whole series of bluffs involving plebiscites. It is not likely that the SZDSZ would support a modification in the law on plebiscites that would require more signatures, but they would probably agree with calls for restricting the time in which signatures can be collected.

**Sandor Csintalan, MSZP spokesperson:** As far as they were concerned, the Socialists felt that, as ratified following consultation with the Constitutional Court, the law on compensations was a closed issue. Even though we have been in touch with the TET, we have just now learned that they have succeeded in collecting more than 100,000 signatures. This makes the initiative a serious political issue, on which our party will take a position probably on August 25, at the joint meeting of the Presidium and the fraction. There is enough division in Hungarian society on this issue that it is relatively easy to collect a great many signatures. It is also possible that this will become one of the hot items this autumn. Those in power should respond to this by modifying the existing regulations; the solution is not there. Regardless of whose interests are served or opposed by an initiative, the voice of so many citizens should be handled with honorable intents.

Democratic instruments should remain politically target-neutral. Legal regulations that have been formulated on the basis of broad political consensus should be left untouched for a few years, and modified only as the result of experiences collected in a lengthier period.

**Zoltan Rockenbauer, FIDESZ deputy:** As of yet, the FIDESZ has no institutional opinion on this issue. The success of signature collecting action shows that the law on compensations is, indeed, a bad law. However, I still do not consider using plebiscites to attack parliamentary legislation. If this becomes accepted practice, it would always be easy to find an interest group that feels injured by a law, no matter how broadly supported. In the course of a plebiscite, questions must be posed in a simplified manner, which forces people to argue demagogically. It might be more practical to make the conditions of plebiscite more restrictive; although I realize that the feasibility of such a step is not certain at this time. By the way, in view of the present political apathy and passivity, plebiscites have only a slim chance of succeeding.

### Budget Hopes Pinned on Value-Added Tax Revenues

*91CH0870A Budapest HETI VILAGGAZDASAG  
in Hungarian 17 Aug 91 pp 90-91*

[Article by Aniko Szanto: "Legislative Bill on Taxing Business Associations"]

[Text] The total amount of depreciation charges and special reserves [for bad debt] deducted from profit liable to business-association tax for 1992 would have been less than what the Accounting Law allows, but Treasury officials expect such a large loss of revenue that they intend to compensate for it by collecting more value-added tax revenue.

It is already certain that for next year the Ministry of Finance is not planning any radical changes which would turn the entire tax system upside down. After all, the main features of our present state taxes are in accord with the customary tax systems used in international practice. There will be individual income tax, business-association tax, and a combination of value-added tax and excise tax also in the future. Although Finance Ministry officials have an established rule that "whoever thinks taxes are too high should consider ways of cutting state expenditure," they partially exempt themselves from this latter obligation by declaring that "it is unrealistic to expect large-scale cuts in expenditure."

Ministry officials are planning to leave the burden of individual income tax unchanged for next year, but—as an incentive to entrepreneurs—they would like to ease somewhat the firms' business-profit tax burden. The rate of business-profit tax, to be called business-association tax, would remain 40 percent also for next year, but businesses would be able to charge more of their inputs to so-called operating costs. The officials would compensate for the loss of revenue from businesses by raising value-added tax and excise tax, despite the fact that the Kupa Program gives top priority to reducing the rate of inflation.

Business-profit tax will be called business-association tax already next year, to indicate that only business associations will be liable for it; in practice, however, business-profit tax will really become business-association tax only as of 1 January 1993. Additional sole proprietors will not be able to opt for business-profit tax next year, but the ones already signed up will still be paying so-called business-association tax also in 1992.

The legislative bill the Ministry of Finance has drafted to change the tax system states: "Social considerations in a wide sense, private investments that stimulate economic growth, and continued recognition of the system of tax benefits intended to attract foreign capital will enjoy preference in the future"; and the ministry, therefore, would abolish all other tax benefits. As evident from the bill, however, some of the tax benefits granted for social considerations have also been lost in the weeding process.

According to the various versions of the bill, contributions to public causes and endowments will be deductible from

pretax profit only if they are included among the public causes and endowments the government enumerates in subsequent statutory regulations. If the National Assembly enacts the bill's present version, this year will be the last time businesses employing handicapped workers will be able to deduct 30 percent of the wages paid such workers, plus 0.1 percent of the other workers' earnings. Whereas this year any business is able to retain [i.e., claim as tax credit] 80 percent of its profit from providing an essential public service or health care, and 65 percent of its profit from sports activity, next year—like in the good old days—only a few "organizations important from the viewpoint of the national economy or for social considerations" and designated as such by the government would be able to do so. For instance, the MAV [Hungarian State Railways] and all, or perhaps only some of, the special-purpose organizations employing the handicapped. According to the legislative bill, there would be no tax benefits for agriculture, for retail stores in settlements with fewer than 1500 residents, and for businesses started in underdeveloped regions. Moreover, even the tax benefit would be abolished that has been granted for this year on the motion of Ivan Szabo [Hungarian Democratic Forum (MDF)], the chairman of the National Assembly's economic committee, and which allows "organizations operated entirely by domestic private individuals, and sole proprietors" to retain half of their tax.

This year the staff of the Ministry of Finance began quite early its regular annual review of tax allowances and exemptions, with an eye to ending them. By the time the National Assembly begins considering the different versions of the business-association tax bill, however, it is very likely that from among the tax benefits originally proposed for termination there will be left only the social, health-care, educational and cultural tax benefits behind which there are no lobbies, or the tax benefits that are "weak" professionally. But Finance Ministry officials, too, are playing with stacked cards. Arguing that "the termination of tax allowances and exemptions is a question of policy rather than money, in the sense that the resources freed in this manner would be used to reduce the tax rates," the legislative intent of their bill offers no concrete figures. The officials tactfully withhold from the reader information not only about the planned tax rates, but also about how much revenue the state budget could expect from the termination of each kind of tax benefit. But this way decisionmakers are being kept in the dark about the fact that the additional revenue expected from abolishing the already low tax benefits for the publishing and distribution of books and textbooks, the staging of sports events for students, and the provision of meals for children and students would not be enough for any significant reduction of the tax rates.

Consequently, decisionmakers would have to be orthodox economists to accept without any supporting computations the Finance Ministry officials' argument that, for reasons related to budgetary revenue, the Accounting Law's general authorizations have to be strictly defined also in tax laws, exactly the way and to the extent they are proposing to do. For the fact that accounts past due made

up 82 percent of taxable business profit in 1990 was well known already at the time of the Accounting Law's enactment. But only now, with the preparation of the 1992 budget fast approaching, have Finance Ministry officials come out with their proposal that the special reserve deductible from pretax profit be limited to 2 percent of the accounts 90-180 days past due, 5 percent of the accounts 181-365 days past due, and at most 25 percent of the accounts over a year past due. Whereas the Accounting Law provides a general authorization to form special reserves.

And the sky is not the limit for the amount of deductible capital depreciation either. Instead, depreciation schedules should be devised so that firms would be able to deduct from their pretax profit "about 20 percent more depreciation than what they are deducting at present," the Finance Ministry staff recommends. In their opinion, the estimated useful life of capital equipment placed in operation after 1 January 1992 is eight years, which means that an annual depreciation rate of 12.5 percent may be used. The estimated useful life is three years for computers and other office equipment, and five years for motor vehicles. Incidentally, the purpose of most of the proposed changes in business-profit tax, which is about to become business-association tax, is to keep the tax law in line with the Accounting Law's provisions. As of 1992, for instance, bonuses, honorariums, year-end profit-sharing and purchases of equipment costing less than 20,000 forints will be charged to cost that reduces pretax profit, rather than net business income.

#### [Box, p 91]

#### Value-Added Tax in 1992

When Hungary, within the framework of tax reform, introduced individual income tax as of 1 January 1988 along with VAT [value-added tax] at rates of 0, 15, and 25 percent, practically everyone was preoccupied with the sudden burden of having to pay income tax. Yet the state dipped much deeper into the citizens' pockets with the introduction of VAT than by levying individual income tax. Even now, for the time being, citizens are more interested in changes in the Individual Income-Tax Law than in the fact that Finance Ministry officials would like to introduce in the National Assembly a bill for a two-rate VAT system as of May 1992, after the heating season's end.

The standard VAT rate would be 20 percent, and the law would merely have to specify the reasons why certain goods and services are exempt from VAT or are taxed only at a rate of 10 percent. But these days no VAT has to be paid on nearly two-thirds of the goods and services purchased by the population, and some goods and services are even subsidized from the state budget (milk and dairy products, water and sewer rates, and public transport, for instance). According to the plans, these goods and services would be taxed at a rate of 10 percent as of May 1992.

Incidentally, it cannot yet be established from the proposals how the consumer-price subsidies would change as a result of replacing the present zero rate with a 10-percent VAT rate.

Although the standard VAT rate would drop to 20 percent from the 25 percent at present, beer, distilled alcoholic beverages, and tobacco products would not become cheaper because the plans call for increasing the excise tax on these products accordingly. On the other hand, the Finance Ministry staff is proposing to reduce the present excise tax of automotive fuels, for instance, but only by enough to keep the combined VAT and excise tax at the same level as the total tax levied on these products at present. The bill drafted by Finance Ministry experts to modify the tax system reads: "We do not expect the consumer-price level of automotive fuels or their combined VAT and excise tax to change as a result of the changes in VAT rates. But the price ratios of gasoline and diesel fuel, or more accurately the ratios of excise tax on them, might change due to the introduction of VAT rates."

The devil lurks in the details, but we will have to wait for their elaboration. As their starting point, however, the planners intend to make consumption more expensive by 2.5 percentage points overall, to compensate for the loss of revenue due to the business-association tax.

### **Environment Official: 'Concrete' Measures Lacking**

*91CH0888B Budapest MAGYAR HIRLAP  
in Hungarian 27 Aug 91 p 5*

[Interview with Ferenc Szommer, Ministry of Environmental Protection and Land Development commissioner, by Pal Peter Boday; place and date not given: "Environmental Protection or Curtailment of Democracy?"]

[Text] It is impossible anymore to determine when Budapest's air became unbearable. On the other hand, the exact date of the first resolutions on air protection is known: The nine-point government resolution, identified by the number 1041 and signed by Jozsef Antall, was made public in the 1991/103 issue of the MAGYAR KOZLONY. Point 3 of this resolution states: "Effective environmental control must be established on public roads with the cooperation of the police and the authorities of environmental protection to screen out vehicles that blatantly pollute the environment. Legal means must be created for bringing charges against operators of vehicles with obvious diesel exhaust fumes. Deadline: 31 December 1990. Responsible persons: the minister of the interior and the minister of transportation, communication, and water management." We asked Ferenc Szommer, the responsible commissioner of the Ministry of Environmental Protection and Land Development, whether or not a concrete legal regulation has been introduced, what actual measures have been taken, and what the situation regarding environmental protection in Hungary is.

[Szommer] Unfortunately, the legal regulation of this "successfully carried" resolution package still has not been completed, nor has the annual inspection of vehicles been implemented.

[Boday] Does this mean that no fines can be levied as long as this resolution has not been made a concrete statute?

[Szommer] Actually, there would be no need for special statutes for screening out the particularly polluting vehicles. For there are several statutes ruling that operators of vehicles emitting polluting exhaust fumes in excess of the officially determined health level may be fined up to 5,000 forints.

[Boday] Thus, enforceable—albeit scattered—statutes do exist. The only question is, who can enforce them and how.

[Szommer] As strange as it may be, its chief opponent is the public itself which, on the one hand, does not wish to, and really cannot, shoulder the extra expenses connected with environmental protection. On the other hand, it demands, for instance, a decrease of air pollution which has become intolerable. Also, the old reflexes are still alive in the state apparatus whose attitude is not always appropriate for the implementation of progressive concepts.

[Boday] It is an open secret that there are innumerable lobbies—and I will even dare say mafias—in Hungary, active in the areas of industry, transportation, shipping, and communication, which may consider the concerns of environmentalists as the biggest thorn, for the green party is generally the loudest critic of investment projects that promise extra profits. Not to mention the fact that while environmental protection is represented by half a ministry, "investors" are represented by several ministries in the executive branch of power.

[Szommer] Unfortunately, it is a fact that, despite its efforts, the ministry responsible for environmental protection is unable to effectively represent the mid- and long-term interests of the environment and, not lastly, of the population. Environmental protection is a sector of state administration that does not pertain to day-to-day livelihood and, thus, it is of a lower priority. With regard to the lobbies and possible mafias, it is, unfortunately, sometimes difficult to differentiate between the two. Fortunately, the environmentalist lobby is not completely unsuccessful either: It enjoys the support of most Hungarian green movements. The government resolution mentioned is another result of this "lobbying."

[Boday] Not long ago, both the employer and employee sides of the Interest Reconciliation Council unanimously rejected the idea of adding one forint to the price of gasoline to create an environmental protection fund. This evidently "shortsighted" decision perhaps signifies a mistrust in "separate funds" on the part of society.

[Szommer] This environmental protection fund would have provided the financial basis for controlling public roads, for procuring measuring instruments, and for building at least a minimal infrastructure for environmental protection. At the same time, society's mistrust is

also understandable. Quite frequently, money has wandered into "bottomless bags" from the "separate funds" of past decades. However, the age of uncontrolled movement of budget monies is over by now.

[Boday] A group, which does not always act rationally but which wants to do something about protecting the environment, developed around the Budapest local government with the support of Budapest Mayor Gabor Demszky. Would the ministry be willing to cooperate with the local government in, for instance, building a network of bicycle paths in Budapest?

[Szommer] Our objectives include creating a cleaner environment and better air, therefore, we are constantly looking for ways to cooperate. On the other hand, we want to dissociate ourselves from actions such as the irrational and unsuccessful "traffic restriction" on the World Day of Environmental Protection. For such hasty actions cause more damage than benefits, both morally and in the practical sense.

[Boday] What are your impressions on the scheduled implementation of the announced government program of environmental protection, and what other things do you hope for before the end of the government's term?

[Szommer] As far as I am concerned, I had the—perhaps illusory—expectation of more rapid and more tangible results, and I hoped for less ideas and more action; this is why I accepted this task. With regard to the near future: by 1992, we want to reduce the amount of hazardous materials by half in each liter of gasoline, and this is expected to result in a significant reduction of pollution, even at the present rate of traffic. In addition, we think that our most important short-term task is to enforce the existing decrees and to raise the money needed for enforcement. As I mentioned, our greatest shortage is not so much of statutes but of concrete actions.

#### **Local Governments Oppose Nuclear Power Plant**

*91CH0888A Budapest MAGYAR HIRLAP  
in Hungarian 30 Aug 91 p 5*

[Report by F.Zs: "Local Governments Vs. Paks Nuclear Power Plant"]

[Text] The local government of Dunaszentbenedek, east of the Duna River, was the one among those located in the shadow of the Paks Nuclear Power Plant that appealed to the citizens of 19 towns to protest against the nuclear power plant's expansion. What sparked the protest was that the concepts connected with the construction of a 960-megawatt French-designed nuclear power plant were made public in the county newspaper PETOFI NEPE

[Petofi's People]. One of the primary reasons [for the protest] was a statement that the findings of a public survey conducted a few weeks before, according to which half of Hungary's citizens voted for the nuclear power plant's expansion, were not realistic because only a minimum number of people were questioned in each town.

They also argued that they would not accept Ede Teller's views regarding nuclear power plants. The appeal also cites empirical facts. The lobby group claims nothing less than that the ends of young shoots on pear and apple trees die faster than they did earlier, two kilometers from the Paks Nuclear Power Plant, which is said to be safe and modern. In 1988, the upper leaves of grape vines grew in a fan-like shape and became thicker. In their opinion, since the nuclear power plant was started up, the number of deaths has increased, there have been more cases of cancerous heart and vascular diseases, and the ratio of abnormally born children has increased in the town, which has 1,070 people. According to their statistics, which they claim can be verified, the number of deaths during the past five years has increased from 12 to 24. Since the startup, 15 persons have died of stomach, throat, liver, kidney, brain, and blood cancer, and even at present there are persons in town who have cancer. The appeal to protest and the supporting signatures will also be sent to parliament.

The news of the protest also reached the Paks Nuclear Power Plant Company, which immediately wrote a letter to each local government of the 19 towns, claiming that the protest was professionally unfounded and contradictory. According to the letter, it can be stated on the basis of inspections carried out both by the plant and the authorities during the past nine years that practically no radioactive material originating from the nuclear power plant has been detected in the environment. Reminding the local governments of their responsibility, the company argued that it is easy to shock professionally uninformed people with false information and incite them to protest, whereas it is much harder to make a realistic picture through factual and authentic information.

After the appeal, the Paks Nuclear Power Plant Company requested the National Research Institute for Radiobiology and Radiation Health to prepare a detailed opinion by health experts. That opinion of experts will be forwarded to the local governments. Experts of the Tolna County Plant Sanitation and Soil Protection Station provided some information on the possible causes of the pathological changes in the plants described in the protest.

The explanation given by the Paks Nuclear Power Plant Company failed to satisfy the majority of the local governments. Further steps are expected in the case.

**Nation's Attitudes Contrasted With Germany's**

*91GE0443Z Hamburg DER SPIEGEL in German  
No 36, 2 Sep 91 pp 48-57*

[Unattributed article: "Fear, Envy, and Respect: DER SPIEGEL Survey in Poland and Germany on the Two Populations' Assessment of Each Other"]

[Text] One out of four Poles would probably migrate to Germany and work there, if he had an opportunity—only a few permanently, the rest either for a few years or every year for a few months.

Chancellor Helmut Kohl is more popular in Poland than in his own country. On the contrary, Lech Walesa, the former labor leader and current president of the state, receives more sympathy among the west Germans than among the Poles, whom the anticommunist has been no more successful in leading out of their misery than his predecessor, General Jaruzelski in the Communist Party.

One out of every two Poles doubts the permanency of the Oder-Neisse border.

More than half of the population of Poland is "very proud" to be Polish. Not even half as many citizens of the FRG are "very proud" to be German.

The Poles do not think much of the west Germans, care little for the Germans in Poland, and not at all for the east Germans.

Except perhaps for Mary and Jesus, but certainly no dead saints, the Poles revere no one more fervently than John Paul II, alias Karol Wojtyla, their compatriot in the Vatican. In west Germany, sympathy for this pope has fallen below zero within a few years.

The Poles are about as liberal as the Germans in regard to whether and how the state should punish abortion.

The Poles consider distrust to be a typical German trait, while the Germans think it is typical of the Poles. Besides that, the Germans are considered by their eastern neighbors to be arrogant and industrious above all, whereas the citizens of the FRG believe the Poles to be especially lazy and "concerned about money."

Most Poles wish that "as many as possible" members of the German minority in Poland would go to the FRG. Most Germans want "as few as possible" to come to the FRG.

The Poles are much more strongly oriented toward the West than are the Germans. Not even in the worst days of the Cold War were the citizens of the FRG as one-sidedly pro-American and against the Soviet Union as the Poles in 1991. Almost all of them—95 percent—have a good opinion of the United States, whereas 67 percent have a bad opinion of the Soviet Union.

These were the results of the first DER SPIEGEL survey in Poland, for which there were two parallel surveys in west Germany and east Germany.

It was a joint venture of Polish and German institutes and scientists, who jointly designed questionnaires—mostly with questions worded the same way or similarly—and evaluated the results. The Warsaw team in the Pentor Institute was led by Eugeniusz Smilowski and the Bielefeld team in the Emnid Institute was headed by Klaus-Peter Schoeppner.

Most of the questions concerned in particular German-Polish relations in the past, present, and future. Other questions were supposed to help to compare the two peoples and their situation with each other.

Each of the three polls interviewed 1,000 adult men and women. The first 1,000 were representative of 48 million west Germans between Aachen and Helmstadt, the second 1,000 of 12 million east Germans between Marienborn and the still-German city district of Guben (which was called "Wilhelm-Pieck-Stadt Guben" until the middle of 1990, and the third 1,000 of 26.5 million Poles between the Polish city district of Gubin on the other side of the Neisse and Bialystok, a city not far from the Polish-Soviet border, which before the war had been 250 km farther to the east.

The east Germans live between rich and poor, but they are closer to the west German prosperity than to the Polish poverty.

With the net 2,300 German marks [DM] that the average employed west German earns monthly, he could buy an excellent color television. He must work 35 minutes for one kilogram of butter and 8.5 months for a Ford Escort.

The average east German earns only half as much and—the calculation is simple—would have to work twice as long for butter, the television set, and the Ford.

Still, he is much better off than the average Pole with 1.7 million zlotys per month. He has to work just under two hours for a kilogram of butter. He would have to work two and a half months for a Polish television set, nine months for a western TV, and six and a half years for a Ford Escort.

If one asks about the general economic situation, then it is seen that the Poles are not quite as dissatisfied as the east Germans, probably because they do not see the western prosperity as clearly but generally know it only from reports and visits.

But the Poles rightfully judge their own situation, experienced personally, more critically than do the east Germans: 45 percent call it "bad" or "very bad," as opposed to only 16 percent in the ex-GDR.

Most Poles (59 percent) think that their position has worsened compared with the year before and do not expect much from the near future. Thirty-two percent assume that in the next 12 months everything will stay about as it is, another 32 percent even suppose that their situation will worsen, and just 36 percent are expecting an improvement.

Most of those polled in Poland and the ex-GDR agree that their problems are minor compared with the troubles that the Soviet citizens have to deal with.

Most Poles, just as the Germans, are wary of all foreigners. If it were to come to a mass exodus from the Soviet Union—in the event that the economic misery turns into a catastrophe—39 percent of the Poles would accept “hardly anyone,” 58 percent “a limited number,” and only 3 percent “all.”

The Poles have little sympathy for the minorities in their own country. Figures just above zero were measured for the Germans and White Russians and slightly below zero for the Jews and Ukrainians.

The minorities (scarcely 2 percent of the population) live rather isolated from the Polish majority. Whereas 36 percent of Poles have relatives in the west, only 8 percent have relatives among the minorities in the country.

Most consider the present status of the German minority to be correct. Accordingly, calm prevails but there is no harmony. The poll did not give any indication that a better reciprocal relationship could develop. On the contrary, the desire of 57 percent of the Poles that “as many as possible” fellow citizens of German origin should migrate to Germany shows that such a tendency should not be expected in the foreseeable future.

The fact that one-fourth of the population is toying with the idea of seeking their fortune in Germany is attributable to the misery in Poland. Twice as many men as women, more specialists than helpers, and considerably more young people than older people are playing with this idea.

But even with the continuing decline of the economy in their own country, far from all of them will move to the west, for the opportunities there are too small or at least too uncertain. But as soon as they increase, there will be more Poles who migrate for a few months or years to earn hard marks in the FRG legally or illegally. Accordingly, a reserve army stands ready and the Poles could become the new Turks.

As for their attitude toward religion, the Poles, east Germans, and west Germans appear to differ fundamentally. Poland is considered the most Catholic country in the world. The ex-GDR is a heathen country, primarily inhabited by christened and unchristened atheists. The old FRG is a pseudo-Christian country with full church coffers and empty churches.

But the survey shows that they are no longer as Catholic as the pope would like or the world believes. It is not just in the question of abortion, which the Catholic Church has practically made into a question of faith, where the Poles think much the same as do the east and west Germans.

They also protest against the influence of the church, which 62 percent of the Poles as a whole and 52 percent of those who attend church every Sunday consider to be too great.

The trend in Poland appears to be similar to that which took place after the end of the war in West Germany. In

this country, the churches initially survived the time of the Nazis with increased prestige and then gradually lost their power.

Such a trend can also take place in Poland, if—as is to be expected—most Catholics go to mass on Sunday and almost all Poles, including those who do not attend church, idolize the pope. Here Polish piety mixes with Polish pride and both can harmonize rather well with not concerning themselves at all about the pope in everyday life.

The relationship of most Poles with the Germans and of most Germans with the Poles is complicated and contradictory. The darkest German-Polish time is still having an effect, although by far the majority did not experience it themselves.

When Hitler attacked Poland on 1 September 1939, 70 percent of today's citizens of the FRG were not yet born and just under another 20 percent were not yet grown.

By the end of World War II, 6 million Poles had lost their lives, one-fifth of the population.

In 1944-45, the Poles had to abandon 180,000 square kilometers to the east of the Bug, almost half of their land, to the Soviets, and the Germans had to give up 103,000 square kilometers to the east of the Oder and Neisse to the Poles.

The latter had not yet been expelled when people began to reckon losses against losses and guilt against guilt, until finally only discord and hatred remained.

The heads of government, Kohl and Jan Krzysztof Bielecki, promised that this is a thing of the past when, together with their foreign ministers, they signed the German-Polish neighborly relations pact in Bonn two months ago, on 17 June. Bielecki even said that now “the tragic legacy of the past has become history” and no longer weighs on the two peoples.

The German-Polish DER SPIEGEL survey was supposed to clarify the extent to which this statesmanlike claim has become reality.

Just under half of the east Germans and clear majorities in west Germany and Poland are convinced that “the events of World War II are still affecting the attitude of the Poles to the Germans today.”

As they investigated the chances of reconciliation, the two institutes, recognizing the difficult nature of the subject, did not ask any questions that needed to be answered yes or no. Rather, one could choose between four responses.

It was seen that the definite answers (the reconciliation is “certainly possible” or “impossible”) were selected by only a few. Too much is in a state of flux for the majority to have developed a definite opinion.

The most frequent response in all three surveys was that a reconciliation is “possible.” The views of the Poles and Germans coincide to a substantial degree.

The German-Polish treaty is popular. About three-fourths of those polled have read or heard about it and easily the majority have a positive opinion on it.

But the Poles and Germans are by no means as optimistic about the future as were the government heads Kohl and Bielecki at the signing of the treaty.

The Poles were cautious with respect to the question of how German unification will affect the "chances for good neighborly relations"; 46 percent consider the chances greater, 28 percent the same, and 17 percent even less. This minority is made up primarily of Poles who mistrust the unified, larger, and more powerful Germany more than the divided Germany.

Other results also show that deep skepticism is still filling the heads of many Polish heads. Only a slight majority of 51 percent is convinced, for example, that Germany will remain democratic.

And likewise 51 percent still do not consider the Oder-Neisse border to be certain, even though with the signatures of Kohl and Genscher it is now guaranteed for all of Germany.

In the FRG, public opinion on this border did not change until late, after the signing of the eastern treaties in 1970. In 1951, according to Allensbach, a majority of 80 percent had rejected this border. In 1985, according to Emnid, 76 percent were in favor of it, whereas, four years later, 81 percent gave their approval.

This majority has not changed. When it was asked "how secure the Oder-Neisse border is for the Poles," 81 percent of the west Germans and 86 percent of the east Germans polled declared it secure.

The fact that for years some career-expellees sought with radical slogans to keep their clientele from shrinking into a sect did not work out; nor did the fact that Schoenhuber, the radical right-wing chief of the Republikaner, tried with ambiguous statements to stir up resentments; or that for a long time prior to the federal parliamentary elections in 1990 Kohl had refused to give a clear yes to the Oder-Neisse border.

Clues to the attitudes of the Germans and Poles toward each other are provided in particular by the answers to questions about the typical characteristics of the neighboring nation.

The Emnid and Pentor interviewers presented lists of 16 pairs of characteristics ("industrious" and "lazy," for example). Those polled could answer in a differentiated manner with X's in one of seven squares.

The citizens of the FRG, above all the west Germans, are considerably more critical of the Poles than the Poles are of the Germans.

The west Germans attributed 12 negative and only four positive qualities to the Poles, whereas in contrast the Poles consider only three negative and 13 positive characteristics to be typically German.

In the case of many Germans, ancient prejudices have survived, especially since the overwhelming majority of west Germans were not able to revise them through experience. Only 10 percent have ever been in Poland, whereas 40 percent of the Poles have already been in Germany—mostly in the GDR, however.

The former inhabitants of the GDR are not quite as negative about the Poles as are their west German compatriots. That may have to do with the fact that two-thirds of the population of the GDR visited Poland when the way to the west was blocked and were able to form their own opinion.

In addition, the attitude of the east Germans toward the Poles has become more positive in recent months, as is shown in a comparison of the new survey with an earlier one in the fall of 1990.

There are several reasons for this change. The flood from Poland that was expected after the abolishment of the visa requirement did not occur. And, as the Emnid expert Schoeppner surmises, "a kind of solidarity developed when the people in the former GDR found out that they were far behind the west Germans in their living standard and opportunities—not so much different from the Poles."

There are no such thoughts and feelings in Poland. On the contrary: the east Germans are considerably less popular than the west Germans.

Eugeniusz Smilowski, who managed the DER SPIEGEL survey in Poland, calls the attitude of the Poles toward the Germans "a mixture of fear, envy, and respect." They esteem their neighbors and possibly even admire them, but they do not like them and mistrust them.

On the other hand, the trust of the Germans in the Poles and their willingness to communicate with these neighbors is underdeveloped, because disregard and even contempt are still widespread.

Many more years will pass before Germans and Poles will live together the way the French and Germans do. Clearly it is primarily a generational problem.

In all questions concerning the German-Polish relationship, the differences of opinion between young and old are much greater than they are, for example, with respect to educational level, or to political or religious position.

These differences in regard to age become clear when one compares the views of Poles under 30 with those over 60, for example. Only 36 percent of the older generation compared with 62 percent of the young people are convinced that Germany will remain a democratic country.

Only a minority of the pensioners considers the Oder-Neisse border secure, whereas the majority of the young generation does.

The Germans are well liked by 29 percent of the Poles over 60 but by 54 percent of the Poles under 30.

Only 20 percent of the older people compared with 52 percent of the younger Poles consider the past to be scarcely any longer a burden or none at all.

Tables

**How Great a Burden Is the Past?**

"Do the events of the Second World War still affect the attitude of the Poles toward the Germans?" This question was asked in Poland as well as in west and east Germany.

The burden:	Poles	West Germans	East Germans
Is very great	20	14	11
Is quite significant	42	43	37
Is slight	32	36	47
No longer exists	6	5	3

**Reconciliation Not Certain but Possible**

"What do you think about the chances of a reconciliation between the Poles and the Germans?"

A reconciliation is:	Poles	West Germans	East Germans
Certainly possible	9	21	25
Possible	59	55	56
Scarcely possible	18	9	4
Not possible	6	2	2

**Kohl More Popular in Poland Than in Germany**

Those polled in Poland and Germany were supposed to express themselves on Polish and German politicians as well as the Polish Cardinal Glemp and the pope using a sympathy scale from + 5 to - 5. The average values:

Nationality	Walesa	Cardinal Glemp	Brandt	Kohl	Genscher	John Paul II
Poles	0.5	2.4	1.5	1.6	1.2	4.2
West Germans	1.0	0.4	1.6	0.4	2.1	- 0.2
East Germans	- 0.4	0.2	2.9	0.9	3.2	0.3

**German Sympathies for Poles Below Zero**

The Poles were supposed to indicate their sympathies for the east and west Germans, and their sympathies for Poles. In addition, the Poles were asked about the minorities in their country. The results:

	Poles on		East Germans on	West Germans on	Poles on			
	East Germans	West Germans			Poles	Poles	Germans in Poland	Ukrainians in Poland
Results	- 0.8	+ 0.9	- 0.1	- 0.6	+ 0.1	- 0.3	- 0.1	+ 0.2

**How Secure Is the Oder-Neisse Border?**

"The FRG has recognized the Oder-Neisse border. How secure is this border for the Poles?"

Nationality	Very Secure	Fairly Secure	Fairly Insecure	Very Insecure
Poles	4	45	42	9
West Germans	28	53	12	5
East Germans	17	69	11	1

**One Out of Four Poles Wants To Work in Germany**

The interviewers presented a choice of five possibilities when they researched the desires of the Poles to travel to Germany and to live there. The responses (in percent):

	I would like to emigrate to Germany	I would like to work in Germany for a few years	I would like to go there every year for an extended stay	I only want to visit Germany	I do not want to go to Germany
Responses of Poles	2	12	12	38	35

**Boom in the West, Depression in the East**

The Poles sampled were asked to evaluate "the current economic situation in general" in their country. The west and east Germans were asked the same question about the economic situation in their respective parts of the FRG. Of every 100 persons polled:

	Very Good or Good	Partly Good, Partly Bad	Bad or Very Bad
Poles	4	43	53
West Germans	76	19	4
East Germans	3	19	78

**Abortion: A Liberal Majority in Poland as Well**

In the question of abortion, the Bielefeld and Warsaw institutes presented a choice of four answers:

Opinion	Poland	West Germany	East Germany
Abortion should remain free from punishment	46	32	35
Abortion should be allowed in the first three months	10	27	33
Abortion should be allowed only for medical or social reasons	16	28	21
Abortion should be allowed only when the life of the mother is in danger	28	13	8

**Religion Important to the Poles, Unimportant to the Germans**

Responses to the question of the "importance of religion in your daily life" (in percent):

Opinion	Poland	West Germany	East Germany
Very important	36	11	6
Fairly important	52	36	20
Fairly unimportant	10	35	25
Absolutely unimportant	2	17	48

**Too Much Influence of the Church**

The Warsaw institute named seven institutions and groups. Those polled were supposed to express themselves on their influence on life in Poland.

Group	Influence Too Great	Too Slight	Just Right
Parties	27	30	42
Army	7	22	71
German minority	24	8	66
Catholic Church	62	3	34
Old Communist Party functionaries	52	7	40
Solidarity	38	20	42
Jews	30	6	62

### Rather Unpopular

How popular or unpopular are the Germans in Poland and the Poles in Germany? Responses to the question concerning one's own opinion, "What do you think personally?"

Opinion	The Poles on the Germans	The West Germans on the Poles	The East Germans on the Poles
Very popular	2	3	2
Rather popular	46	36	46
Rather unpopular	42	43	39
Very unpopular	10	12	8

### Closer to the United States Than to the Soviet Union

The Polish people have a much more positive opinion about the United States than about the Soviet Union.

Opinion	United States	Soviet Union
Very good	21	1
Fairly good	74	32
Fairly bad	4	55
Very bad	1	12

### German-Polish Treaty Is Popular

Heard or read of the German-Polish treaty that was signed on 17 June 1991 (in percent):

	Poles	West Germans	East Germans
Percent	7	72	75
Of these, consider the treaty:			
Very positive	13	16	22
Rather positive	69	54	63
Rather negative	7	12	4
Very negative	1	3	0

### Proud of Being a Pole

"Are you proud of being a Pole?" The results and comparable results in Germany (in percent):

Opinion	Proud of Being a Pole	Proud of Being a German	
		West Germans	East Germans
Very proud	53	22	25
Rather proud	35	45	41
Not so proud	6	15	16
Not proud at all	2	10	7
Do not know	3	8	10

### Ethnic Germans in Poland: Stay or Leave?

"Should as many as possible or as few as possible ethnic Germans emigrate to Germany?"

Nationality	As Few as Possible	As Many as Possible
Poles	42	57
West Germans	89	10
East Germans	91	8

**Doubts in Poland: Will Germany Remain Democratic?**

"How certain is it that the unified Germany will remain a democratic country and that there will be no more dictatorship?" This question was put to a representative sample of Germans in the fall of 1990 and has now been asked in Poland as well. Responses (in percent):

Nationality	Absolutely Certain	Fairly Certain	Fairly Uncertain	Absolutely Uncertain
Poles	7	44	42	6
West Germans	31	59	9	1
East Germans	14	54	27	4

**German Minority: Too Many or Too Few Rights?**

In regard to the rights of the German minority in Poland: Opinion of Poles questioned (in percent):

Are too great	18
Are just right	74
Are too few	7

**Presidential Versus Parliamentary Governance**

91EP0692B Warsaw GAZETA WYBORCZA in Polish  
14-15 Aug 91 p 14

[Article by Lech Mazewski, deputy chairman of the Liberal Democratic Congress and specialist on constitutional law: "A Presidential-Parliamentary Republic"]

[Text] "We are facing the need to replace the current hybrid system with a system of parliamentary government. However, several varieties of a parliamentary system exist. We should proceed in the direction of a presidential-parliamentary republic," says Lech Mazewski from the Liberal Democratic Congress.

Constitutional law distinguishes two forms of parliamentary government—dualistic, with a balance between executive and legislative power, and monistic, with the predominance of legislative power.

**Two Parliamentary Systems—Which One Is Better?**

Under a dualistic concept, there are two centers of public authority: legislative power in the parliament and executive power exercised by the government and the president. They are in balance because on the one hand, the parliament can dismiss the government at any time, whereas on the other hand, executive authorities (the president or prime minister) have a right to dissolve the parliament before the expiration of the term.

Under a monistic concept, the parliament concentrates all power. The powers of the head of state are restricted to representative functions. The government remains dependent on the parliament, and in extreme cases becomes a tightly controlled executor of its will.

However, the supremacy of the parliament under the monistic concept applies not only to the government and the president, but also to the source of power itself, or the sovereign people. After all, virtually no legal device exists for the people to exercise control over parliament, except for moral control exercised by public opinion.

Things are different in the dualistic model where, in the event of a conflict between the government and the parliament, the parliament is dissolved by the president, and at that time the dispute is resolved by the electorate through general elections, which makes the principle of the sovereignty of the people material.

It should be kept in mind that the political meaning of contemporary parliamentary systems is not that individual ministers enjoy the confidence of a parliamentary majority (as might appear to be the case in contemporary Poland) but that the parliamentary majority forms the governing cabinet. Political parties gain and discharge power in this manner. Therefore, the real power center is not in the parliament or the government, but in the parties. This suggests that the kind of party system that ultimately takes shape will be as important for the currently structured system of Poland as the arrangements in relations between the president, the government, and the parliament.

**The Hybrid System Has Already Played Its Role**

Technically, in the People's Republic of Poland, the predominance of the Sejm was assumed. The Council of State, as another separate organ of state power that is empowered to replace the parliament, and the Council of Ministers, and through it the organs of administration, were subordinated to the Sejm. In practice, the role of the Sejm boiled down to translating policy decisions by the PZPR [Polish United Workers Party] into law, whereas undemocratic election laws resulted in authorities absolutely not being responsible to society.

As a result of amending the Constitution as resolved at the roundtable, a systemic hybrid emerged that combines elements of a monistic parliamentary system (since the Sejm was established as the supreme organ of state power), a parliamentary-cabinet system (because the position of the prime minister is very strong), and a presidential system, especially after the introduction of general presidential elections.

This hybrid system has already played its role as the guarantor of a compromise signed with the communists at the roundtable. It has now become an obstacle to the further evolution of the system in view of its internal contradictions.

**The Minor Constitution**

I have already proposed in the press (ZYCIE WARSZAWY No. 171) that the so-called minor constitution be established, which would regulate relations

between the parliament, the government, and the president, since the full Constitution cannot be adopted quickly. There is no escaping the adoption of the minor constitution immediately after the elections.

The systemic logic resulting from general presidential elections should be preserved: A president elected by the entire people is transformed from being a purely decorative representative of the state into a person who has real power. Lech Walesa is such a president, regardless of what one thinks of him.

Therefore, it is necessary to specify the currently unclear powers of the president with regard to dissolving the parliament. The queen of Britain has an unconditional right to dissolve the parliament at a political request made by the prime minister. In France, the president may also dissolve the parliament unconditionally, but only a year after an election. I believe that we should adopt a similar arrangement, which would guarantee clarity as to who is responsible for what. The president would assume responsibility for dissolving the parliament, but at the same time he would submit to the judgment of the voters, who could elect the same composition of the parliament again.

However, the position of the government, which according to the logic of a presidential-parliamentary system is not a mere executor of the will of the parliament but an autonomous executive power, should also be reinforced. This is done best by introducing an institution commonly used throughout the world—a vote of confidence (which the government can seek), or a vote of no confidence (which is requested by the parliamentary opposition).

The motion for a vote of no confidence cannot be put up to a vote on the day it is made, as was the case with the memorable motion of Deputy Jacek Soska, because time should be allowed for political consultations. In addition, it needs to be determined that an absolute rather than simple majority of the vote is necessary for a vote of no confidence.

This minor constitution would guarantee the balance of powers before more permanent systemic arrangements are made. It would be a way to restore the system of parliamentary government rather than [perpetrate] a violation of democracy, as the defenders of the current predominance of the parliament argue. It would also ensure a real influence by society on the operation of the state: After all, in the event of a conflict between executive power and the parliament, society would have a decisive voice in the general elections of a new parliament.

#### A Strong President and a Parliamentary System

A strong position of the head of state is at the root of a parliamentary system: A British system developed at the end of the 18th century, in which the existence of two pillars of state, the king and the parliament, interacting through the cabinet, was assumed to be the initial form of the parliamentary system.

Contrary to what is sometimes stated, a strong position of the president in present-day Poland does not run counter

to a parliamentary system. It runs counter only to the monistic version of a parliamentary system, which assumes the prevalence of the parliament over executive power. It may make the path to a presidential-parliamentary republic, toward which Poland is proceeding, easier.

[Box, p 14]

#### The Current Situation

##### The Sejm-The Government

- The prime minister is appointed and recalled by the Sejm at the request of the president.
- The Sejm nominates and recalls the government or individual ministers at the request of the prime minister, submitted in coordination with the president. The chamber may recall the entire government and individual ministers on its own initiative, as well.
- The government is responsible to the Sejm.

##### The President-The Sejm

- The president may dissolve the Sejm upon consulting the marshals of both chambers if it fails to nominate a government or adopt a budget law within three months, or if it adopts a law or a resolution which makes it impossible for the president to exercise his constitutional powers. These powers include watching over compliance with the Constitution, safeguarding the sovereignty and security of the state, the inviolability and indivisibility of its territory, and compliance with international political and military alliances.

#### Jan-Jul Economic Report Summarized

91EP0694A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Aug 91 p II

[Article by Małgorzata Szyszlo: "Central Planning Administration on the Economy—More Minuses Than Pluses"]

[Text] A report on the economic situation in the first seven months of this year prepared by the Central Planning Administration suggests that lower inflation is among the positive developments registered in July. Compared to June, retail prices increased by only 0.1 percent, whereas prices for foodstuffs dropped by 4.5 percent. In the seven months (compared to December of last year,) retail prices increased by 31.9 percent. Compared to June, real incomes of the populace increased by 8.2 percent. This includes an increase of 4.7 percent in average wages in the six basic sectors of the production sphere. Foreign exchange reserves of banks increased. Toward the end of July, they amounted to \$6.7 billion, or \$370 million more than toward the end of June. However, compared to the end of last year, the reserves were \$1.4 billion lower.

In turn, the deteriorating retrogression in industrial production is among the unfavorable developments. In April, the average daily output was 12.6 percent lower than a year ago, in May—14.9 percent lower, in June—12.6 percent

lower, and in July—18 percent lower. The financial situation of enterprises continued to be difficult. The number of unprofitable enterprises increased. The financial liquidity of enterprises deteriorated, and their mutual indebtedness increased.

The profitability of agricultural production also deteriorated. The further decrease in prices for the means of production and relatively low prices for farm products were the reason. In the opinion of the CUP [Central Planning Administration], the ratio between the procurement prices for hogs and the price of an assortment of fodder was the most unfavorable.

According to the CUP, the deficit of the state budget came to 14.9 trillion zlotys by the end of July. The deficit is considerably larger if we take into account budgetary obligations which are past due. The difficult situation of the state budget has an immediate connection with the situation with local budgets. A shortage of funds in the cash stocks of many voivodships caused numerous investment projects to be suspended, construction and assembly work to be restricted to a minimum, and a considerable segment of funds for communal investments to be cut back.

The Central Planning Administration also includes the imports of consumer goods, which are still increasing too rapidly, among the negatives. In the seven months of this year, such imports were 2.4 times higher than a year ago.

In the opinion of voivodes, the difficult economic and financial position of state enterprises in July, as well as in previous months, was due to low demand.

In the estimation of the CUP, the progress of privatization processes has been hindered by the absence of regulations on the rights to real estate in possession of state enterprises and cooperatives. Employee councils frequently oppose ownership transformations because they are not in the interest of their work forces. Conflicts inside enterprises discourage foreign and domestic partners from continuing negotiations.

The CUP finds that difficult living conditions promote claim-oriented attitudes and cause a continuous decline in acceptance and confidence in the economic policy of the government.

In July, the loan debt of the nonsocialized sector and the populace continued to increase at a high rate. As in June, such debt increased by more than two trillion zlotys, coming to 31.6 trillion zlotys. However, the increment of loan debt in the state sector was very low—0.8 percent compared to 5.3 percent in June and 2.6 percent in May. The debt of this sector by the end of July stood at 125.4 trillion zlotys. It increased by 25.9 percent during these seven months.

Last month, the populace spent 25.2 trillion zlotys to buy goods, or 8.3 percent more than in June.

### **Production, Earning Capacity Trends Noted**

*91EP0698A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 19 Aug 91 p I*

[Article by K.J.: "Enterprise Performance: Going Downhill"]

[Text] In July, we got primarily more detergents, furniture, and school notebooks. It turns out that we could see increments in output only in the case of these three groups of products (out of the 14 groups surveyed). This hardly sounds optimistic, especially given that, despite a general drop in production and sales, the inventories of goods already manufactured keep growing. The financial performance of domestic producers is not gratifying either. This is the conclusion suggested by the analysis of 39 enterprises representing the following industries: cotton, wool, knitted goods, hosiery, garments, tanning, household chemicals, furniture, electronics, and household items.

The output of the three aforementioned groups of products is undergoing a revival compared to July of last year. The production of the remaining 11 groups declined during this period to as low as 58 percent [in some cases]. If we compare this to June of this year, we will also register an increase in output in only three groups of products which are partially related: soap, notebooks, and gas ranges.

The largest declines occurred during the seven months of this year in footwear production (by 60 percent), cotton fabrics (by 43 percent), and toilet soap (by 43 percent).

The performance of the individual enterprises analyzed looks somewhat more favorable. Compared to July of last year, production increased at 13 out of 39 enterprises, and compared to June—at 14 enterprises. If we compare the results of the seven months of this year with the corresponding period of last year, it turns out that this period was the most favorable at the Bialystok Enterprise of Television Subassemblies Biazeł (a 106-percent increase in TV set production), the Klucze Paper Enterprise (a 75-percent increase in notebook production), the Wrocław Paper Products Enterprise (a 36-percent increase in notebook production), the Bialystok Wool Industry Enterprise Polpled (a 49-percent increase in the production of woollen fabrics), and the Bydgoszcz Household Chemicals Enterprise Pollena (a 46-percent increase in the output of detergents). However, a majority of producers had to reduce their output during this period. This was the case particularly in the footwear and textile industry.

In July, we registered yet another decline in the cost of products sold. Compared to July of last year, this decline occurred in all industries, whereas compared to June of this year, we may note growth only in food processing and the chemical and mineral industries. During the seven months of this year, only food processing registered an increase in products sold.

Sales appear to follow production. Sales increased in July at just a few enterprises. Compared to July of last year, sales of only four products improved. The results appear more favorable compared to June of this year because this

was the case with "as many" as seven product groups. Despite these hardly satisfying results, the growth rates of sales were better than those of output.

No substantial improvement is apparent in exports. Compared to July of last year, in July 12 out of 31 exporters increased the exports of their products. Compared to June of this year, nine exporters did so.

The enterprises of the woolen and furniture industries and the Bialystok Television Subassemblies Enterprise Biazet in the electronics industry registered the most favorable export performance (compared to July of last year).

The two other producers of TV sets known in the country, as well as a producer of automatic washing machines and gas ranges, did not export their products at all. The export of light industry products was negligible, especially in the cotton fabric, hosiery, and footwear industries. Therefore, export performance is unsatisfactory. However, in view of poor sales within the country, export sales continue to be significant for the financial condition of the enterprises analyzed. In comparison to June, exports as share of sales improved in four cases.

In July, stocks declined considerably compared to June of this year. This was the case with 10 out of 14 analyzed groups of products. However, the stocks are still high compared to the beginning of this year. This is particularly the case with the products of the electrical goods industry and metal working, especially gas ranges (a 10-fold increase) and TV sets (a 5.5-fold increase). The stocks of TV sets equal production over five months, and those of automatic washing machines—production over two months. Stocks are also high compared to the output of footwear (more than three months worth of stocks), cotton fabrics (more than three months worth), and woolen fabrics.

Profit margins declined at most of the enterprises surveyed—at 38 enterprises out of 39 over six months. Growth occurred only in the Bydgoszcz Household Chemicals Enterprise Pollena.

Of the 39 enterprises surveyed, 13 are currently operating at a loss, three are breaking even, and 10 have profit margins of under 10 percent. The producers of garments and household chemicals have the highest profit margins.

Amounts receivable and amounts payable dropped considerably compared to July of last year. In total, amounts receivable at the enterprises surveyed declined by 5.7 percent, whereas amounts payable declined by only 1.8 percent. This means that the difference between amounts payable and receivable continues to grow. This is especially apparent in the electronics industry (amounts payable come to 125 percent of amounts receivable), the tanning industry (in this case, amounts payable exceed those receivable by 103 percent) and the woolen industry (in this case, amounts payable exceed those receivable by 106 percent).

The surplus of amounts payable over those receivable is yet another indication of the deteriorating financial situation of enterprises, and perhaps not only of those analyzed.

### Stockbrokers Hold First National Conference

91EP0694A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 26 Aug 91 p II

[Article by Ada Kostrz-Kostecka: "First Congress of Brokers"]

[Text] Last Sunday, 24 August, marked yet another stage in the formation of a capital market in Poland: The First National Congress of Brokers held its proceedings. After all, brokers are the necessary players in the sale of securities.

Licensed brokers appeared in our country recently. The first broker examination was held in mid-June of this year. The law on public sales of securities and trust funds adopted in March of this year allowed for engaging in this profession without a valid license only until 25 July. From that time on, only individuals who have passed a requisite exam can be brokers.

The Union of Securities Brokers was formed pursuant to the law; all licensed brokers automatically become members. The Securities Commission was under the obligation to convene the First Congress of Securities Brokers when the number of names of brokers on the list exceeded 50. This is precisely the congress held on Saturday. Chairman of the Commission Leslaw Paga handed out broker licenses during the congress. As many as 60 people have licenses now. Wojciech Jankowski received license No. 1.

The congress adopted many documents, among others, the bylaws of the congress (meetings will be held annually), the charter of the union, and guidelines for disciplining securities brokers.

Standards for brokerage operations have thus been created; after all, this is a profession of public trust, according to the commercial code. The people who engage in this profession should be reliable and honest, and should be highly ethical professionally, like attorneys and legal counselors. Meanwhile, as Chairman Paga said at the beginning of the congress, many complaints have already been made to the Securities Commission concerning brokers who have made the numbers of their licenses available for a fee while not engaging in the profession. The chairman would like such issues to be handled by the self-management body of brokers, so that his commission will not have to interfere. L. Paga also suggested that the union engage in training future brokers and promoting this still rare profession. At a later time, the right to organize broker examinations may also be delegated to the union.

The congress elected the authorities of the union: the Council of Brokers consisting of eight people, the Auditing Commission, and the Disciplinary Board. Robert Oppenheim from Warsaw became chairman of the council, and Jan Gidrewicz became chairman of the Disciplinary Board. From now on, a representative of the Union of Brokers will serve on the Securities Commission.

**Prognosis for Apartment Construction Issued**  
*91EP0685B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 12 Aug 91 p II*

[Article by Małgorzata Szyszlo: "Housing Construction in the Years 1991-95; Two Variants, Little Optimism"]

[Text] By a resolution dated 15 June of this year, the Sejm instructed the government to submit scenarios of the long-range development of housing construction. This document has already been prepared by the Ministry of Land-Use Management and Construction. The Council of Ministers will discuss it.

Scenarios for the movement of basic macroeconomic indicators in the years 1991-95 prepared by the CUP [Central Planning Administration] were used in the study. The data used may be regarded as tentative only. After all, they are based on the assumption that trends and correlations between basic economic indicators registered during the recent period will be maintained in subsequent years, as RZECZPOSPOLITA has been told at the Ministry of Construction. At the same time, the assumption has been adopted that the new housing policy will cause a considerable improvement in the effectiveness of economic operations in "the housing sector," and that the general economic situation will be more favorable than an extrapolation of phenomena observed at present would suggest.

As far as the efficiency of economic operations is concerned, the management of the existing stock and the processes of building new apartments should become more effective in the sphere of housing. These issues are closely related to one another.

In the opinion of specialists from the ministry, it is important that the housing reform is proceeding toward a situation in which a continuously increasing segment of households will meet the costs of obtaining and maintaining dwellings with their own funds as the affluence our society increases, and the prices of apartments fall in relation to incomes. For its part, the public sector will assist the economically weak groups of the populace in obtaining and maintaining apartments.

According to projections prepared by the CUP, this year we should expect that the gross national income generated will decline between 10 and 14 percent from the level of last year. The distributed national income will fall about 4 percent. The consequences of these phenomena are going to be significant for the housing sector in the coming years.

Out of the two CUP projections, the first assumes that the recession will proceed. Production capacity will be gradually reduced, and investment operations will "drop off." Public funds will primarily be used to protect the unemployed and maintain the system of education and health care. According to this projection, the level of investment outlays will go down until 1995, and will come to about 50 percent of the 1990 level. A decrease in the personal income of the populace will restrict opportunities for financing housing construction with the funds of the

populace to an even greater extent than at present. Overall, housing performance according to this variant of the projection will amount to 581,300 apartments between 1991-95, out of which 126,700 this year and 117,600 next year.

The second projection was developed on the assumption that difficulties that exporters to the USSR market are grappling with will be overcome as early as this year. This would make it possible to pick up the operations of a segment of enterprises, while at the same time facilitating a certain increase in demand in the domestic market. The projected economic recovery combined with regulations favorable for foreign and domestic investors should create the atmosphere for economic operations in the coming year and in subsequent years. After the produced and distributed national income declines this year, the economy will regain its ability to develop in subsequent years. As a result, the level of the national income produced in 1995 will be about 8 percent higher than in 1990. The high growth rate of the personal incomes of the population will create conditions for increasing the potential of households to finance housing needs. It is projected that it will be possible to arrest the decline of investment outlays as early as next year, and that in 1995, they will be 24.5 percent higher than in 1990. According to this prediction, in the years 1991-95, 668,100 apartments will be added, out of which 127,300 this year, and 128,600 next year.

A proper efficiency of economic operations in construction is very important for increasing the number of apartments built. Specialists from the ministry estimate that if we succeed in reducing the price of one square meter in an apartment to 1.1 times the average wage, as a result of streamlining construction processes, then according to the second CUP scenario, 25,000 more apartments per year could be built, which means that 155,000 apartments a year would be commissioned.

At the same time, the view of some experts is that the economic situation in our country will develop more dynamically than the CUP projection suggests. For example, in estimates prepared by the experts of international organizations in connection with the Polish application for a readjustment loan, the rate of growth of the national income was put at between 3 and 4 percent this year and between 5 and 7 percent in subsequent years. Achieving this growth rate this year is unlikely. However, if a strong economic recovery occurs in subsequent years, the growth of income might come to 5 percent on the average. This turn of events would, of course, provide more favorable opportunities for the development of housing construction. More funds from the budget could be allocated for housing construction which, in combination with the results of a revised housing policy, would make it possible to erect about 230,000 apartments annually.

As the specialists from the ministry say, the risk of errors in variants of scenarios developed by the Ministry of Construction, as well as the CUP projections, is rather high, mainly due to the assumptions made being estimates.

**Concern About Aircraft Noise Pollution Voiced**

*91EP0685A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 12 Aug 91 p II*

[Article by W.M.: "Instruction 309 ITB—Planes Will Make a Softer Noise"]

[Text] About 20 percent of the population in our country are affected by "above-the-norm" aircraft noise, and there will be more people like that if nothing changes. The stressful engine roaring covers 5 percent of the territory of Poland. Noise generated by planes taking off and landing is the most burdensome, but it is not the only kind. The arrangement of in-flight and out-flight airport air routes, locations in which engines are tested and adjusted, and taxiing routes of aircraft are also important. Areas in which the level of sound is higher than permissible (Polish Standard 70-2151) are conventionally considered zones of burdensome noise.

What can happen to us in such a zone? A piercing pain is felt in the vicinity of an aircraft with operating engines where noise exceeds 120 decibels or more. Over a short period of time, noise between 100 and 120 decibels causes peculiar anxiety and fear. Having to do with aircraft noise of between 90 and 100 decibels for several hours daily causes a person to slowly lose his hearing.

According to American research, all children in houses located in the vicinity of the airports, the residents of which are exposed to airplane noise of 80 decibels, are not gifted in music, do not play musical instruments, and are not even average choir singers. In many countries, they began to combat aircraft noise on a large scale in the early 1960's. There have been examples such as the silencing of an airport in New York after the introduction of jet aircraft into passenger air travel operations. The result of this battle may be seen, for example, at the Frankfurt airport, where three takeoffs or landings occur per minute, but you cannot hear even one-quarter of the rumble you get at Okiecie.

Without dwelling on the specific details of why this happens, we should remember that in our country the airplanes will also have to make a softer noise if the interested parties seek this. If the planes do not, carriers roaring over a settlement will experience certain consequences. We have to begin at the beginning, just as some time ago in other countries, i.e. by learning methods for measuring aircraft noise. A manual to this effect ("Methods for Determining the Extent of Aircraft Noise Registered by Computer") was issued this year by the Acoustics Department of the Institute of Construction Technology, and is known as "Instruction 309 ITB."

The instruction is of interest to, among others, self-governments of residents and individuals. This is understandable because they have received their first little weapon to be used against those generating noise in the sky. They may come out against the noise pollution of the environment with considerably better results than has been the case with "309" and a legal basis for bringing a suit in hand (*DZIENNIK USTAW*, No. 3, Item 6, 1980).

The League of Noise Control will certainly help them in this endeavor. The telephone numbers are: Warsaw, the ITB Acoustics Department 43-07-07; the League of Noise Control 27-27-95.

**POLITYKA Weekly News Roundup: 25-31 Aug 91**

*91EP0697A Warsaw POLITYKA in Polish No 35, 31 Aug 91 p 2*

[Excerpts]

**National News**

[passage omitted]

The parliamentary club of the Democratic Union [UD] withdrew its proposed abortion law. It was criticized from various points of view, and it looked as if it would meet a fate similar to that of the Senate proposal rejected earlier by the Sejm. [passage omitted]

Henryka Bochniarz, whom *GAZETA WYBORCZA* has called "the iron lady of Polish industry" (she is the prime minister's plenipotentiary for organizational affairs in the Ministry of Industry and Commerce, and some see in her the future head of that ministry), said in the Sejm that she wants "Balcerowicz to give her a part of the financial authority." She has also said: "I do not agree with the minister of privatization who wants accelerated commercialization to include state enterprises. They should be transformed individually." [passage omitted]

Deputies of the Culture Commission have come out against duties on paper and printing equipment.

At a press conference in Krakow, Zbigniew Bujak, the leader of the Democratic-Social Movement, said that if his movement takes fewer than 20 percent of the seats in the future parliament, he will consider it a defeat.

Primate Jozef Glemp in Czestochowa: "If the departure from the principles of justice is called progress, then the church will not follow such progress," the primate declared. "The church will not give approval to legislation permitting abortion; it will not agree to pornography; it will not recognize deviant human behavior as normal, etc. In any case, does society need a church that will acquiesce to ideologies? No. The church will stand on guard for moral principles; it will, together with society, teach understanding of the new circumstances, but it will always profess the teaching of Jesus Christ." [passage omitted]

Religious instruction will continue in the new school year according to the current rules. The Ministry of National Education decided that the number of catechism teachers should be increased. At present, there are about 6,500 of them. [passage omitted]

In the Sejm, Andrzej Zawislak, former minister of industry who resigned after Prime Minister J.K. Bielecki's visit to Ursus, declared that he resigned because he no longer agreed with the government's financial policy and because he realized he had little room to operate. "Deputy Prime

Minister Balcerowicz's logic is a logic bordering on surrealism," he said. "One begins to wonder whether there is no method in this madness."

The State Election Commission drew the numbers for the party tickets at the President's Chancellery: The first ticket is that of the Trade Unions in Defense of Society; the last ticket (65) is that of the National Election Committee. Unlucky 13 went to the Peasant Movement-Peasant Agreement. The Polish Peasant Party Program Alliance drew number 2; the Democratic Party (SD), 8; the Center Accord (PC), 12; Party X, 19; NSZZ Solidarity, 30; the Democratic-Social Movement, 39; the Confederation for an Independent Poland (KPN), 4; the Democratic Union (UD), 54; the Social Democracy of the Republic of Poland (SDRP), 60.

"Who governs Poland?" the Public Opinion Research Center asked a group of senior pupils at secondary and basic occupational schools. Solidarity said 31 percent of the respondents; President Lech Walesa, 24 percent; the church, 22 percent. Only 6 percent pointed to the government, while 2 percent pointed to the communists and the "old nomenklatura."

TYGODNIK SOLIDARNOSC (23 August) published a letter ("name and address known to the editors") whose author claims that in the spring of 1990 Minister Kozlowski "made the list of priest-confidants from the Krakow diocese available to Cardinal F. Macharski. I assume that he acted in the same way with the other bishops ordinary in Poland. Obviously it was done quietly."

Who's News. The premier has removed Janusz Sawicki at his request from the position of government plenipotentiary for foreign debt affairs and from the position of deputy minister of finance. Andrzej Urbanski, organizational secretary of the Center Accord, has become editor in chief of EXPRESS WIECZORNY. Krzysztof Czabanski, the current editor in chief of EXPRESS WIECZORNY, is to head KULISY. Wojciech Topinski, the president of the

Social Security Agency has submitted his resignation: "The head of the Social Security Agency cannot create illusions that he agrees with the short-sighted policy of the Ministry of Labor."

#### Opinions

##### **Jan Nowak-Jezioranski:**

*From comments for ZYCIE WARSZAWY 10-11 August*

I am familiar with Mr. M. Zalewski's interview as broadcast by Radio Free Europe, and it seems to me that he made a serious mistake repeating publicly what was said to him by very high levels of the American administration. There is an iron, although unwritten, rule that discussions between representatives of governments are secret. One can in extreme cases reveal what one said himself in an official discussion, but in no case can one quote one's partner publicly without his permission, even if you mention him by name. Zalewski acted more as a journalist than a diplomat representing the Main Office of the State. But, based on what Zalewski told the listeners of Radio Free Europe, I think that his visit in Washington also had positive aspects. A high official of the Security Council told him that including Poland in existing or new international security structures is out of the question unless the Soviet Union also participates in such a system. Thus, Poland cannot count on acceptance into NATO or on a bilateral defense alliance with the United States.

It is good that the undersecretary of state for security affairs in the office of the president of the Republic of Poland heard these words directly from a most credible American source. There is no greater danger for state security than the illusions of the governing elite. When in May 1991, on the basis of many years of familiarity with the American way of thinking and politics, I said the same thing in the parliamentary cloakrooms in Warsaw, my judgment met with incredulity and disapproval, and a certain official of the Polish diplomatic service questioned my interpretation of the position of NATO and Washington.

**Supporters of Monarchy Said To Be  
'Antidemocratic'**

*91BA1132C Timisoara RENASTEREA BANATEANA  
in Romanian 31 Jul 91 pp 1, 7*

[Article by Ilie Chelariu: "A Political Crowbar"]

[Text] By the end of the past year, the course of Romanian politics got a serious shock to the system when the "apolitical" (who no longer exist because they have formed a party) sent a new signal: the monarchy! The people in the marketplace, dazed at first, dutifully adopted the idea and went to work with slogans, chants, and...portraits.

But beyond the marketplace slogans, the question remains: What did bring on this change of heart, considering that during last year's elections, when this kind of idea could have been naturally circulated, we never heard the name of the old ex-king? It appears that Romania's history is the history of its rulers, but also the history of traitorous boyars. In the struggle for power they called in the Turks, Tatars, Letts, Germans, Hungarians, Kazaks, Russians, and anyone else, provided they could get to the power. That's what happened when Prince Cuza, the idol of an entire generation of Romanian peasants, abdicated. Why was he so well loved? Closely involved with the fate of the masses, free of the obsession of riches, and influenced by the French enlightenment and the 1848 revolutionaries, he continuously struggled for the simple people. By comparison, it is true, four generations of Hohenzollerns kept piling on the wealth.... Moreover, they blessed us with a massacre (1907), a dictatorship (Carol II), and communism (Michael I). But those are past historical events that should be considered dispassionately, because they belong, like their protagonists, to Romania's history. What is important is what's happening now. Now, of the five princesses, two fare poorly—sic!—in the Romanian language. So how Romanian was their father's heart? Third generation Romanians are coming from America who may be speaking in tongues, but in Romanian! This is also the time to mention another, much more serious problem: the too close ties between the former monarch and some of our neighbors who do not wish us too well, and who have been systematically tossing wrenches in our spokes even in the past year. The former king also is in good relations with domestic transnationalists who often joined the neighbors in wrench and spokes activities....

Could Michael of Hohenzollern-Sigmaringen be a patriotic and politically impartial monarch? I doubt it, when I remember how the communists chased him out.... Will he be as passionate and subjective as the old revanchists who invaded the leadership of certain parties, or like the ethnic or mercenary transnationalists commuting between Romanian cities and certain capitals, especially a neighboring one. And let's not forget one document with long-term consequences that could considerably complicate our lives in the future: the Declaration of Budapest of 1989! That declaration still stands, it has not been repealed, and it provides the theoretical basis for claims of "complementarity" in Transylvania. That documents is still hanging there like Damocles's sword; none of the signatories has

withdrawn his signature and neither has the monarch withdrawn his blessing from it, although the conditions have radically changed since then!

Slowly, slowly the idea of restoring the monarchy, conscientiously supported by more or less the same fierce activists, not only right-wing but also fervent internationalists, has spread among some of the opposition on the still inconclusive grounds that it was a unifying element. The unity issue could have been resolved much more simply by promoting a new, uncontested figure capable of winning the people's sympathy. Why should there always be someone from the "outside?" Like Messrs. Radu Campeanu and Ioan Ratiu at the elections, and now the ex-king? Why? Does this country have no one of value? Moreover, in the wake of the emergence of the pro-monarchy current, the opposition—already split by ambition and inflexibility—is now even more divided. This current, although it basks in noisy meetings, is creating even more problems for the right wing which, instead of promoting new people, is using its energies and funds to support yet another moth-eaten figure. Which will probably cost them dearly at the next election....

Normally, had the opposition been efficient and realistic and had it been acting from the viewpoint of the economic difficulties of the people, it should long have had access to the levers of power. It seems, however, that the passions of a group of old, nostalgic politicians thirsty for revenge, and of repainted opportunists who do their bidding, are more important than the fate of a nation.

One thing is certain: namely, that the monarchy is nothing but an inopportune crowbar used to force open the door to the power from the back, wielded by the very same people who call themselves the representatives of democracy. Let us not forget that in essence the monarchy means hereditary right, which is the opposite of eligibility, i.e., of democracy!

Looking from above in a detached manner and judging by the protagonists, the Romanian political arena seems to be in the hands of two profoundly antidemocratic currents: the totalitarian left and the monarchist right! Can that be true?

**Anti-Semitism Charges Discussed, Rejected**

*91BA1132D Timisoara RENASTEREA BANATEANA  
in Romanian 13 Aug 91 pp 1, 7*

[Article by Mariana Cernicova: "Consensus, Compassion, Culpability?"]

[Text] More than a year and a half since the December revolution, instead of the expected international recognition and support, Romania is still getting harsh judgments and severe pronouncements, as was the case with the recent sanction in the U.S. Congress which charged our people and state with one of the most serious accusations, that of anti-Semitism. An official position was taken. The Parliament's Foreign Affairs Commission is prepared to reopen the debate after Parliament itself had condemned extremism of any kind. Everything hails back to the

realities of the last world war, when the scourge of anti-Semitism was ravaging Europe and when the terrible disaster that struck huge numbers of Jews in Poland, Czechoslovakia, Hungary, Austria, and Russia hit the Semitic population of Romania, too. Can we forget that the largest number of Jewish victims was in Transylvania, at the time forcibly held by Horthy's Hungary? And that, having suffered a lot in their history, the Romanian people showed compassion and understanding for the people with whom they had coexisted for centuries and did whatever they could to stop the steamroller that was crushing countries and nations? Describing the end of the war, author Heinrich Boell wrote that the withdrawing Hitlerite army, before leaving Transylvania, exterminated the Jewish population. We still feel the pain of their death. Otherwise would so many Romanians have attended the commemoration of the dramatic half century that hit the Jewish community of Iasi? Participation and compassion, however, must not be associated with the culpability stubbornly reflected by publications and circles that magnify any element hostile or unfavorable to Romania. Even in the midst of a campaign to reclaim our history we find it difficult to understand why the figures have been raised from 500 Jews (the number of estimated victims under Ceausescu) to 12,000 (in a book by the Romanian chief rabbi of the Jewish community) and then to 20,000. The polemics in the Romanian press and their echo in the foreign press, culminating in the position taken by the U.S. Congress, have done nothing to contribute to achieving national consensus or improving our image in the world. Amid this medley of accusations, charges, and polemics, a group of ten Romanian intellectuals of Jewish origin, including Victor Birladeanu, Ludwig Gruenberg, Mircea Herivan, Alexandru Vianu, and Henri Zalis launched an appeal for reason and realism. Aware of the fact that nothing in history was ever solved by polemics and that very often polemics stem from failure to know all the facts or from shifting the stress among various points of interest, the 10 also expressed their conviction that their intervention will not fall upon deaf ears and that others will wish to join the position they made public by their collectively signed letter.

"We were now prompted to express our alarm by the escalation of some profoundly negative phenomena (so far especially at the political level) which in extremis may not only have insane effects on the life of the Jewish minority in Romania, but will also go down as an extremely harmful factor for the emotional condition of the Romanian people as a whole, and for the image of contemporary Romania in the eyes of the world. (...) Chief Rabbi Dr. Moses Rosen polemically revived and generalized the commemoration of the tragic events of the summer of 1941, when the demented and criminal hurricane that was ravaging Europe mowed down thousands of Jewish lives in Romania, too. Naturally, that vehemently polemical outburst seems at odds with the moderate and persuasive character of the Chief Rabbi's past interventions in favor of tension-free coexistence between the majority nation and the cohabiting groups. (...) Moreover, Mr. Moses Rosen's action can carry only his personal authority,

because he had not consulted with active representatives of the Jewish community, especially the intellectuals. (...) Such unilateral and haughty assertion of one's own 'truth,' especially in the case of a truth steeped in pain and especially if this unilateral action occurs in an area of permanent underground tensions as is that of the coexistence of ethnic groups, is not the best way to have a dialogue, and even less so to gain full credibility." This coexistence, whose roots go back to the 18th century and which features many examples of understanding, friendship, and mutual respect, is also demonstrated by the contribution made by Jewish intellectuals to the Romanian cultural heritage: Tiktin, Seineanu, Gherea, B. Fundoianu, Mihail Sebastian, and Daniel Rosenthal are only a few of the names that come to mind in this connection. At the same time, intellectuals who over time emigrated to Israel are keeping alive there "the live flame of an essentially Romanian culture: They write in Romanian, bring out magazines in Romanian, and stage plays in Romanian. (...) That is the reason and sense of our appeal to return to a spirit of tolerance and to the decency and common sense that always characterized the people of this land. We hope that Chief Rabbi Moses Rosen will fully subscribe to our appeal by virtue of his mission as a 'man of peace.'" The 10 expressed their belief that together we will thus be able to solicit "for Romania the European and international status it deserves. Thanks to that status, the daily existence of all those living in Romania will be freed from the dominion of uncertainty and deprivations, and their spirit will be able to continue its mission of soaring to the skies." The appeal ended with a reassertion of the feelings of solidarity with the Romanian people currently suffering the dire consequences of natural calamities and with an announcement of a donation for the victims of the natural disaster in Banat and Moldova.

Earthquakes, floods, and natural disasters are exacerbating our country's already difficult situation. On top of that, all kinds of political tremors, the effects—albeit indirect—of the Gulf war and of the unraveling of the old commercial relations are not likely to provide any relief. But that aside, of all that we should have to suffer, the moral pain of unjust and tendentious defamations, beginning with charges of xenophobia, chauvinism, and antisemitism, that is beyond anything imagined. Recently our officials said that we did not know how to market our image in the world. They must know something; unfortunately, others are selling us an image of ourselves and involving us in things we have no say. Except that we are still here, visited by storms and need, often abandoned to our fate, but we prevailed in the past and we shall prevail. Wise and realistic, as the intellectuals stated in their appeal. Together we shall prevail!

#### **Tokes's Geneva Conference Remarks Criticized**

*91BA1132B Timisoara RENASTEREA BANATEANA  
in Romanian 26 Jul 91 pp 1, 15*

[Article by Ion Marin Almajan: "Once Again, Laszlo Tokes Lies and Attacks Romania!"]

[Text] Laszlo Tokes, the so-called church servant with the high rank of bishop, was invited (inconceivable that he should be left out!) to attend a meeting of some nongovernmental organizations participating in the CSCE in Geneva dealing with national minorities. I know you did not expect the monsignor, or whatever his (unfortunate) flock may call him, to preach brotherly love between the Romanians and Hungarians living in our land, or even to tell the truth as commanded by the holly writings. And because you expected it, by now knowing our "hero" of Timisoara, he did not do so, but strove to besmirch Romania as thoroughly as he could and to utter the most shameless lies, once with badly veiled arrogance, and once with unctuous piousness. This is what the sick priest said in his address on the occasion: "The Romanian state, which had promised minority rights and autonomy (?) in exchange for ensuring its authority as a nation, did not keep its promises and was incapable of fulfilling its international obligations in the past 70 years. That means the entire period since the imposition (on whom?—ed. note) of the present boundaries, ever since this country has been consistently attacking the ethnic groups and never renounced its final aim, which was the creation of a National United Romanian State." Tokes's criminal attack on the Romanian state was, as we see, clear. The insult to Romania, the same as the underpinning of his complaint. [as published] Before Trianon, life was good in Transylvania, after it, life became a catastrophe for Hungarians, Germans, Jews, Gypsies, etc. I don't think I need to cite historical arguments, since they are well known, to show how much freedom the Romanians (the majority population, not a minority!) enjoyed for hundreds of years under the Austrian-Hungarian administration.

All those who lived in Romania after 1920, the communist period included, whether Romanians, Hungarians, Germans, or Jews can testify to the harmony in which they all lived and the equal fate they shared. Tokes the hypocrite spoke about the forced colonization of masses of Romanians across the Carpathian Mountains, in Koloszvar (Cluj), Brasso (Brasov), Temesvar, Nagyvard (Oradea), as if he spoke about bringing in Martians or Venusians.

Tokes forgot or did not like to mention that Romania stretches all the way to the area of those cities, which he refers to in Hungarian according to his whims and intentions. So what colonization is he talking about? The priest is crying like a Pharisee on the shoulder of the Jews and Germans who abandoned their homes. We deplore their departure, too, because we lost good brethren next to whom we lived so many long years. Except that their exodus was motivated by other reasons than national oppression, and that is a known fact to anyone to whom God granted an ounce of brains.

Peeved by the little Romanian history propaganda spread in the world by the communist regime, and trying to counteract the violence of the attacks staged by Hungarian historians, Laszlo Tokes stated that this propaganda "reinforced the minorities' sense of alienation and apathy," persuading them that they were "a foreign body amid the Romanian nation" (...), that they deserved to be suspected,

and that they were Romania's potential enemies.... Now you know it, dear readers, Romanians, Schwabians, Hungarians, or whatever you may be. I am firmly convinced that at a symbolic court of the conscience you would bear witness against these shameless lies of the "pastor of the souls." In fact, as far as I know, even the Hungarians in Hungary have had enough of Tokes, so famous have his lies and his shamelessness become.

As I have written before, Tokes and others are most upset by the Constitution article that declares Romania a united national state, something that allegedly negates the special traits and identity of the minorities, i.e., their culture, language, traditions, religion, and customs. This assertion is false, because the Hungarians in Romania—because they are his object, even though he cites the others, too—have enjoyed schools in their mother tongue, as well as newspapers and magazines, theaters, publishing houses, etc. I intentionally broke the phrase in question in order to particularly stress its ending. Thus, his priestly darkness claims that the united national state will lead to "negating the territorial autonomy," which is perfectly true. Nothing justifies the creation of an autonomous Hungarian region, vojvodship, province, or whatever you wish to call it, neither the numerical ratio between the Romanian population and the Hungarian minority, nor any other considerations. Because if it's still not clear enough to Laszlo Tokes, he will have to grasp in the end that what's done cannot be undone and that neither Transylvania nor the Banat will ever again be torn from the body of the homeland in order to dance the csardas with Hungary. I am not a partisan of force. In the case of Laszlo Tokes, however, a Romanian citizen about whom so many things of utmost gravity were said at the trial of the 24 in Timisoara, I think that Romania's Government and Parliament should decide to deprive him of the means of speaking in the name of this country, whom he besmirches and of whose dismembering he continues to dream.

**RTV President Razvan Theodorescu Interviewed**  
*91BA1132A Timisoara RENASTEREA BANATEANA*  
*in Romanian 25 Jul 91 pp 1, 7*

[Interview with Razvan Theodorescu, president of the Romanian Radio-Television, by Gh. Popescu on 22 July; place not given: "Opinion Poll—A Chance for Radio Timisoara?" ]

[Text] [Popescu] Mr. President, in view of what has appeared in the press about the situation of the Timisoara radio station, please begin by expanding on the communiqué broadcast on our radio and TV on 22 July 1991.

[Theodorescu] The situation is in fact very simple and presents two aspects: an objective one, which I suspect that every clear-thinking person understands, and one aspect that has become subjective, almost passionate, for those who absurdly see this as Bucharest's plot against Timisoara. We can talk only about the first aspect, namely the objective aspect of the situation, which is primarily technical in nature. What is it all about? Radio Timisoara has absolute autonomy, although administratively it is under

the central Radio and Television [RTV]. In the past one and a half years it has enjoyed a very strong signal, for which reason a whole range of areas, some even outside the country (about which we will not now talk), cannot hear the national radio ("Romania-Current Events") very well or comfortably. I'm referring to counties like Salaj, Bihor, Hunedoara, some counties in Oltenia, and others. As you see, there are counties in both Transylvania and Oltenia that cannot get Romania-Current Events because of the strength of the Timisoara station. For easily understood reasons of programming strategy, I approved the 630 KHz frequency for Timisoara. However, I received a whole series of complaints (some even from abroad, especially from the Vojvodina area in Yugoslavia) that people could not hear the national radio station. In view of this fact I thought that the natural solution to solve, if you like, the dispute, was to have an opinion poll, which in fact I suggested in a telephone interview for Timisoara. This poll will not be carried out by us or by Radio Timisoara, but by a neutral, objective, outsider institution that specializes in such polls. This opinion poll, which I was promised will be completed in the Transylvania and Oltenia counties within three weeks, will provide the most edifying results.

[Popescu] What will be the object of the poll?

[Theodorescu] Whether to have Romania-Current Events or Radio Timisoara operate in the geographical area in question. The decision I will make on 1 September will be based exclusively on the results of this poll, which will be published, in view of the transparency of our institution. Everyone will be apprised about it. I think that I don't need to recall that Timisoara and Arad can get both Romania-Current Events and Radio Timisoara equally well. The situation is simple. I think I have acted perfectly democratically, and even scientifically if you like, to have these polls, which, you realize, cannot be in any way contested. Yesterday (21 July—ed. note) [as published] I sent by telex a decision by Radio Timisoara in which I postponed the decision to change the frequency for 1 September; at the same time I informed the prefect of Timis about it, since he had naturally become involved in this. Beyond that, any commentary or political connotation is mad.

[Popescu] Naturally, once you've made a decision some people will be satisfied while others will be dissatisfied.

[Theodorescu] Trying to satisfy the dissatisfied is, in my opinion, a very difficult undertaking and I'm not in favor of the idea. Evidently, however, we need to talk to the Ministry of Telecommunications about permitting the other station to have a stronger signal. Alternately, we should find a solution to combine the programs, because the "dissatisfied" must grasp that in a country one needs to both ensure freedom for a very important local, regional station, and keep abreast of what goes on in the country's capital city.

[Popescu] At what stage is the audio-visual [media] law now?

[Theodorescu] About four drafts have recently been proposed, as I mentioned in the communique, which as far as

I know the government has adopted in keeping with the major audiovisual laws existing in Europe. I hope that the Senate and the Assembly of Deputies will also consider our proposals.

[Popescu] What opportunities are there for expanding the second television channel?

[Theodorescu] The process is underway and the Ministry of Telecommunications is in charge. We hope that the technological infrastructure will be completed as soon as possible, so that within one year at least 60 percent of the country's population can enjoy channel 2. We hope that in the next two to three years it will be seen throughout the entire country.

[Popescu] We know that some local stations encounter many difficulties. Do you see cooperation between them and the central television in the future?

[Theodorescu] The situation is very complex. In contrast to the radio studios, which are under our control, the local television stations, with the exception of Cluj, are autonomous of the RTV. They are controlled by the prefectures, but we give them as much logistic support as we can. Our relations with some of them are good and with others less so, even fairly vague. The latter category includes the Timisoara station, too, unfortunately, which is at the extreme end of the vague relations. Others yet are downright hostile to the Romanian Television. That is a result of the political and other pressures to which they are subjected. Let's not pretend here: There are a series of local political interests and some prefects even have special problems with these stations. In fact, they are not "television stations." Under the audiovisual law, we planned to create associations of regional television studios that should thus be completely independent of the national television.

[Popescu] Is this perhaps a first step toward the establishment of an alternative, or even a private television network?

[Theodorescu] No, no, no! This talk of an alternative network to public television is nonsense. It's the stupid idea of people who circulate it without knowing how television operates. There are public television networks and private television networks. For example, under the French system, there is a gathering of local stations which are nevertheless subordinated to Antenne 2, which is in fact the public television network. Establishing an alternative television network is an insanity launched by people who are ignorant about it, too, not only about politics. People have been intoxicated with all kinds of assertions about the establishment of such television stations, but the issue is the same: Television is either public or private. Anywhere, even in Timis County, there can be private television stations independent of the public television, and I would even welcome such stations. That is the civilized procedure in any country, evidently here, too.

**Rector Dolphi Drimer on Private Higher Education**

*91BA1132E Timisoara RENASTEREA BANATEANA  
in Romanian 14 Aug 91 pp 1, 7*

[Interview with Dolphi Drimer, rector of the Ecological University, by Helga Ardelean; place and date not given: "Privatization Yes, but Not of the Mind"]

[Text] [Ardelean] Rector, how many applications did you have this year for the entrance exams to the Ecological University?

[Drimer] This year there were far fewer applications than last year. In 1990 we had 7,000 to 8,000 applicants, while this year we had 1,200 to 1,400 in Bucharest. The number of applications was higher in Deva and Arad, where last year there were about 600 to 700 and this year 1,500. Consequently, in Bucharest there were about three times fewer and in Arad and Deva twice as many applicants. The realities behind these figures are the following: First, it explains the fact that by dividing the University into centers, which under the old regime were somewhat isolated from university activities, the people in the respective areas can study in much better conditions than they would have at dormitories and with cafeteria meals. The figures explain the interest in Deva and Arad. We hope to get the same interest in Timisoara.

[Ardelean] How do you explain the drop in the number of applicants in Bucharest, a phenomenon that this year was noted at the state universities, too?

[Drimer] First, because of an objective factor: The number of applicants who took the exams was smaller than last year; second, in 1990 we had generations who for years did not manage to be admitted to universities. At the same time, this year there have been far fewer high school graduates coming out. This is something we had expected. We knew that the number of applicants would drop, and that is the reason that we scheduled our admittance exams before the state schools, so that the best applicants, those with financial means, could stay with us, so that we could take the first steps toward creating an intellectual elite. They deserve to have the best teachers, but at the same time they have an obligation to be very good students. Personally, I believe that this year we have made very important progress in Romanian education.

[Ardelean] What guarantees do you have when you talk of an intellectual elite?

[Drimer] We have over 900 freshmen who got in after very tough entrance exams in which intelligence tests, combined with specialty tests, demanded particular logic to handle them. Some students, after being admitted by us, also tried for the state universities, yet we had a small withdrawal coefficient—70—which means that we have managed to ensure a force in the area of intellectual capacity.

[Ardelean] What will happen with the competition from private institutions of higher education now that they have proliferated like mushrooms?

[Drimer] The number of private institutions has increased very much, but we live in a market economy. There's nothing to hold against anyone, many are trying. Unfortunately, there is also a negative phenomenon, in that the same professors—the good ones are unique—are in demand both in the state education and in the private institutions. There is already bidding for the good professors, but this is also something that cannot be controlled. The teacher will go where he can feel most compatible with his classroom of students, and we believe in the correctness of this compatibility, we believe that our students can be proud of themselves. By the end of the freshman year we have results that demonstrate and attest to the quality of private education. For example, we have 285 students in the school of engineering, of which only 12 are "integralists" [as published], while at the natural sciences school only 16 are "integralists" out of 260. The situation is much better at the law and medical schools. The professors say that they have rarely met such generations that really want to learn. The school of dentistry uses four to five times more materials for practical work than do the state schools. We have the good fortune to be working with serious students who stick to their books. Going back to the competition: We hoped that the Ministry of Education would serve as quality arbiter, but unfortunately the Ministry is not interested. Its ideas are obsolete because it is staffed by people with obsolete mentalities. We hoped that the Ministry would select the private universities entitled to operate—but that failed. As a consequence, a council of rectors of independent schools of higher education was recently formed whose purpose it is to discuss with the rectors opportunities of regulating this domain. We do not wish to explain the monopoly; we will endeavor to issue communiques concerning the quality of the private universities and which ones are the most viable. This is very difficult, but it must be done. Similarly, we will discuss the education plan, try to eliminate the competition for teachers, discuss the possibility of borrowing space, and try to make the tuition fees uniform—up to a point.

[Ardelean] Do you think that in the future this small intellectual elite will have a big impact on society?

[Drimer] With the current potential of the youth, Romania has every chance for the future. We must create conditions to measure up to that. In my view, there is a close relationship between democracy and students. Democracy cannot be achieved without the students. Romania started out with seven students per 1,000 inhabitants; under the pressure of private education we now have nine students per 1,000 inhabitants. The neighboring countries have 12 to 14, so we need another 300,000 students: 200,000 in state education and 1,000 in private education. The state can only gain from private education without having to make any material effort; the state will receive interest from a capital in which it did not invest, so it should be delighted. I see no reason to a priori condemn private education. The illusion that many entertain, namely that our education was good, is false. Romanian education created only peaks, but now the average must be of peak quality. Let us not forget that so far Romania has not won any Nobel Prize—with the exception of one Romanian

who emigrated to the United States—while neighboring countries with similar conditions did win Nobel Prizes. We cannot afford to deceive ourselves.

[Ardelean] Why do you think the government clings so fiercely to its conservative position of not recognizing private higher education, and thus raises so many obstacles in the path of these schools?

[Drimer] Generally speaking, after the revolution the education basis was restricted because an educated person thinks, raises issues, and wants alternatives and solutions. This bothers the rulers. I think that the present government wants to maintain the communist heritage, consequently the most dangerous people are those who have an open mind. Privatization is accepted in general, but not when it comes to the mind. This conservatism is the outcome of a political concept, but it leads to the reverse effect: In the beginning, 25 schools requested accreditation, now there are more than 60. The government's interest is that there should be as many of us as possible, both good schools and poorer ones, and to treat us equally,

that is, as if we were all very poor. This is a deliberate policy of destruction of man's most valuable asset: knowledge and education.

[Ardelean] In view of its rather large incidence, don't you think that private education should have a representative-supporter in the Ministry of Education and Science? Are there hopes of such a viewpoint being adopted in the near future?

[Drimer] We currently do not have a representative at the Ministry, but I am convinced that we will. The matter is a bit complex: The Ministry substructures are creating great difficulties; we must find or shape new cadres with new ideas. The process of teaching the youth must be hastened as much as possible, so that then we can let these young people govern. There is no other solution for us. They alone are immune to the communist ideas, and our chances of success lie only in a collective effort.

[Ardelean] So you think that the issue of private universities is closely linked to politics?

[Drimer] Of course, the issue of the private universities is a political issue because it is a vital issue.

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